TFSA Investors: Here Are My Top 2 Value Stocks to Buy Now

Description

The **TSX Index** is sandwiched right between all-time highs and March lows. The volatility may have settled down a bit. However, TFSA investors should still exhibit cautious optimism as the coronavirus crisis is far from over despite its slowing. With all the uncertainties regarding the gradual re-opening of the economy, I view the stock market as being at a crossroads.

Stocks could head on a sustained rally back to all-time highs by year-end if the gradual re-opening of the economy goes according to plan. But if it doesn't, watch out!

In any case, TFSA investors should seek out a margin of safety with resilient value stocks that will be able to better hold their own should the crisis drag the markets back down. Here are two top value stocks that I'd be comfortable owning in period of unprecedented uncertainty.

TFI International: an underrated bargain for TFSA investors seeking deep value

TFI International (TSX:TFII) is an underrated Canadian transport and logistics firm (a trucking company). It was pummelled amid the coronavirus pandemic, with it shares cut in half from peak to trough. While the coronavirus will negatively impact TFI'S results for the next few quarters, the company will keep on truckin'. It transports vital goods to various communities that are mostly on lockdown.

The cyclical firm's fate is closely tied to the performance of the broader economy. And with a recession on the horizon, the 50% plunge in the stock seems more than justified. Given the likelihood that the economy will be in for a U- or V-shaped recovery, however, I see the damage done to TFI stock as overblown. The stock was priced with more than just a recession in mind, which doesn't make any sense given operating cash flows won't be slashed to zero.

TFI is the type of name that will come roaring back on the back of the next bull market. As such, TFSA investors should seek to accumulate shares now that they're the cheapest they've been since the last crisis. TFI trades at 5.4 times EV/EBITDA and 1.7 times book. These are both close to the lowest they've been in recent memory.

Shaw Communications: A risk-parity play for the more cautious

If you're looking for a more defensive play to ride out the pandemic and the ensuing recession, **Shaw Communications** (TSX:SJR.B)(NYSE:SJR) may be the best bet. While telecoms are usually decent defensive holdings in a recession, I think Shaw takes it to another level. It offers more affordable plans that provide a better value proposition to Canadians during times of financial hardship.

Sure, Shaw doesn't have the best network quality in the world. But it's certainly not abysmal. But many Canadians may have trouble paying their phone and internet bills for the next few months. And when it comes time to tighten the belt, expect wireless users to flock to Shaw's wireless carrier, Freedom Mobile. For many newly unemployed, it's more about the value proposition and less about having the best network.

Shaw sports a bountiful 5.3% yield. I believe Shaw will not only keep its dividend intact but continue raising it at a time when many other firms are slashing theirs. It is a stock that has no business trading at $22 and change given the more recession-resilient offering and its long-term growth runway. TFSA investors take note!

Stay hungry. Stay Foolish.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:SJR (Shaw Communications Inc.)
2. TSX:SJR.B (Shaw Communications)
3. TSX:TFII (TFI International)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

Date

2025/08/24
Date Created
2020/04/25
Author
joefrenette