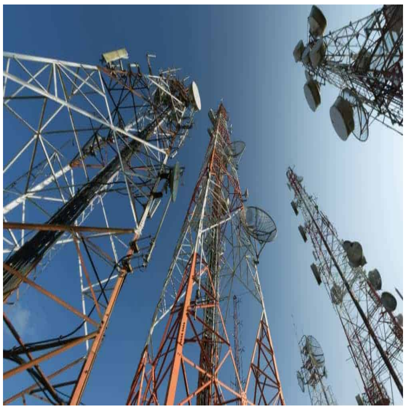

TSX Stocks: 3 UNDERVALUED Canadian Giants to Buy in June

Description

The recent rally in the **TSX Index** has been a remarkable one given the scale of the crash in March. However, some Canadian bigwigs are still trading below their fair values. So, if you are sitting on some cash, these TSX stocks could be attractive for long-term investment.

Top TSX stock from the Canadian energy patch

North America's biggest energy infrastructure company **Enbridge** (TSX:ENB)(NYSE:ENB) has not been as quick to recover as the TSX Index. The stock is still trading 25% lower to its pre-COVID-19 levels. It is currently trading at a price-to-earnings multiple of 15 times, lower than its average historical valuation.

Enbridge is a fundamentally strong company mainly due to its stable cash flows. The company generates a major portion of its earnings from long-term, fixed-fee contracts. Interestingly, it does not have a direct exposure to crude oil prices, which makes it a relatively safe bet.

ENB stock is currently trading at a dividend yield of 7.3%, much higher than TSX stocks at large. Its stable cash flows facilitated an above-average dividend growth in the last several years.

Enbridge's pipeline network and scale make it stand tall in North America's energy midstream space. Long-term investors can consider Enbridge amid its attractive valuation and solid dividend profile.

A banking giant to buy and hold forever

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS), the third-biggest bank in the country, stood relatively better during the second-quarter earnings.

It reported earnings of $1.07 per share, earnings which were almost 40% lower than the same quarter last year. Scotiabank's bigger peers reported sharper drops in their recent quarterly earnings.

The pandemic has already done substantial damage to the economy. Loan defaults will likely increase on the back of rising unemployment and will dent banks' earnings for the next few quarters.

However, top banks like Bank of Nova Scotia are relatively well placed due to their diversified earnings base and high-quality credit portfolio.

Top TSX stock Scotiabank is trading at a price-to-earnings valuation of 11 times. Its price-to-book ratio comes around 1.1 times, the lowest among its peers. Scotiabank's current valuation indicates that the stock might have a limited downside from its current levels.

It offers a dividend yield of close to 6%, the highest among top Canadian bank stocks. Notably, Bank of Nova Scotia has paid dividends for the last 187 consecutive years.

A telecom giant that differentiates itself from peers

Emerging 5G technology will open up a range of opportunities for several industries, and telecom will be one of them.

Rogers Communication (TSX:RCI.B)(NYSE:RCI), the country's second-biggest telecom company, is well ahead of peers in the 5G rollout in the country. Rogers has witnessed strong customer growth in its wireless and cable segments in the last few years.

Rogers pays handsome dividends and yields 3.4% at the moment. Its long-term average payout ratio around 60% suggests that it can comfortably accommodate those dividends.

The stock is up almost 25% in the last three months, notably underperforming TSX stocks at large. It is trading at a price-to-earnings ratio of 15 times, which is lower than its peer telecom TSX stocks.

Its diversified earnings base and a leading position in the 5G race make it stand tall among peers.

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3. NYSE:RCI (Rogers Communications Inc.)
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Date
2025/08/22
Date Created
2020/06/13
Author
vinitkularni20