2 Awesome TSX Stocks Too Cheap to Ignore!

Description

Once again, the volatile stock market has many investors worried. The **TSX** is trading 16% below its record highs and slumped over 4% on June 11. However, it recovered 27% since mid-March.

Several investors would have experienced a significant decline in their portfolio value. In a bear market, most stocks tend to trade significantly lower due to negative sentiment and a grim outlook. The COVID-19 pandemic has decimated several sectors including energy, travel, and retail.

Few companies in the technology space have been immune to the coronavirus. We have seen shares of **Netflix**, **Amazon, Shopify,** and **Zoom Video** touch record highs. However, the current pullback also gives investors an opportunity to buy quality stocks at a lower valuation.

Toronto-Dominion Bank (TSX:TD)(NYSE:TD) and **Emera Inc** (TSX:EMA) are two such blue-chip stocks that you can hold for decades.

A banking giant

Banking stocks including TD have underperformed broader markets in 2020. The COVID-19 pandemic has led to business shutdowns and a slump in economic activity. This has resulted in a significant spike in unemployment rates that stands at 13.7% in Canada.

Investors are worried about the rising number of customer and enterprise defaults that will severely impact banks and lending companies.

TD stock is trading at $60.82, which is 22% below its record high. During the recent earnings call, TD bank stated that it provided financial support to 800,000 customers and deferred payments on $62 billion in loan balances as of April 30.

TD Bank increased wholesale gross lending exposure by $23 billion in the last quarter as it provided funding and liquidity support to corporations, institutional and government clients.

The banking heavyweight increased revenue by 3% in Q2 and reported adjusted earnings of $1.6 billion or $0.85 per share. Provisions for credit losses stood at $3.2 billion.

TD Bank has a huge presence in the United States as well, providing investors with diversification. TD stock has a forward yield of 5.2% and the company has increased dividend payouts for 20 consecutive years.

The ongoing pandemic will impact company revenue and profitability. However, its conservative approach, huge market presence, and strong fundamentals make it a top stock for your portfolio.

A recession-proof stock on the TSX

The utility industry is considered recession-proof as companies in this sector provide essential services. Emera is one of the largest utility companies in North America with $34 billion in assets, serving over 2.5 million customers.

The company's average rate base is $18.9 billion; the rate base is the value of a property on which it is authorized a specific rate of return. Emera expects to grow its rate base by 8.2% through 2022 and has allocated $7.5 billion in capital expenditure for this growth.

Emera stock is trading at $52.5 at writing. That's 14% below its 52-week high and its dividend yield is 4.7%. It has a regulated portfolio of electric and natural gas utilities as well as natural gas pipelines.

The regulated nature of its business ensures a steady stream of cash flows that will help Emera sustain dividend payments even in an uncertain macro environment.

Emera is also a Dividend Aristocrat and increased these payments for 13 consecutive years.

The Foolish takeaway

The market sell-off and volatility are a cause of concern. But investors shouldn't panic. Rather, they should consider adding blue-chip TSX stocks to their portfolio.

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