Buy Alert: 3 TSX Picks That Are Too Cheap to Ignore

Description

As market conditions continue to change, finding the companies that represent the best value in mid-stock-price volatility and opaqueness with respect to earnings is a difficult task. In this article, I'm going to discuss three companies I think represent excellent value in this context.

Manulife

The life insurance sector has been hit extremely hard during the COVID-19 valuation adjustment we've seen. **Manulife Financial** (TSX:MFC)(NYSE:MFC) is no exception. When the company reported its most recent quarterly earnings, investors saw decline in net income a 40%. This has resulted in the stock trading near an eight-year low.

Insurance companies in general have experienced larger reactions to changes in financial markets in general due to the nature of this business. A significant portion of Manulife's earnings come from investment returns on fixed-income assets. These assets have seen yields plummet. Accordingly, they may have not recovered from pre-financial crisis levels, a testament to this key driver.

That said, every company eventually hits a level where it becomes intriguing as a potential buy. I think Manulife fits that bill. The company now trades around 0.6 times book value and only at six to seven times earnings, which is a discount to most banks. This sort of multiple, in my opinion, factors in more than the company's fair share of pessimism and makes Manulife stock a value pick today.

Brookfield Asset Management

In recent weeks, I've spent most of my time covering various **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM) subsidiaries. This was mostly due to the subsidiaries' dividend yields, which have skyrocketed post-pandemic. Today, I'm going to discuss why the parent Brookfield and its rather tiny dividend yield present excellent value today for these with the long-term outlook.

From a valuation perspective, taken in the context of total risk (i.e., wish-weighted return), Brookfield is superior to its operating businesses for a few reasons. I think the diversification Brookfield provides as a conglomerate of alternative assets allows for a broader exposure. Also, Brookfield's diversification provides for better long-term fundamental growth than owning various pieces of the business.

In other words, the whole is greater than the sum of the parts. And as an asset management company, the top and bottom lines of the Brookfield parent are far safer and more stable today then its underlings. This is a huge plus. At its current valuation, Brookfield Asset Management represents an excellent mix of value and safety now.

CCL industries

A company that has held up relatively well compared to most listings on the TSX, **CCL Industries** continues to hold excellent value for long-term investors right now. The company operates in the plastics, packaging, and labels business.

The sector has not felt the impact of the COVID-19 pandemic as much as many may have thought would be the case. On the contrary, orders for various household goods (think hand sanitizer) have shot through the roof. This makes CCL a less-obvious beneficiary of a pocket of increased demand in a world which has turned upside down.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Top TSX Stocks

POST TAG

1. bank
2. canada
3. paper
4. real estate

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:BN (Brookfield)
4. TSX:MFC (Manulife Financial Corporation)

PARTNER-FEEDS

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

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Top TSX Stocks

Tags

1. bank
2. canada
3. paper
4. real estate

Date
2025/07/17
Date Created
2020/07/10
Author
chrismacdonald