3 Dirt-Cheap TSX Stocks You Can't Afford to Miss

Description

Consider the following **TSX Index** stocks that have been significant laggards in the first half of the year. Given their track records of TSX-beating success over prolonged periods, history suggests they're terrific buys today while their valuations are close to the lowest they've been in recent memory.

IA Financial

IA Financial (TSX:IAG) is a Canadian insurer that saw its shares take an uppercut to the chin during the brutal February-March sell-off. Shares plunged around 60% from peak to trough, surrendering the gains that it had posted in the year prior. Have a look at the longer-term chart, and you'll see that IAG is quite the roller-coaster ride, with big downswings that follow even larger upswings.

While the COVID-19 crisis affected the financial more than other industries, I think that the well-run IA is in a spot to bounce back in conjunction with the Canadian economy through 2021. Yes, insurance and wealth management products are in low demand during times of recession. Still, given the likelihood that this could be one of the shortest recessions in the record books, IAG could be poised for another one of its vast upswings at some point over the next few months.

The stock trades at 0.9 times book value and is a must-buy for those seeking deep value while it still exists on the TSX.

Royal Bank of Canada

Sticking with the theme of financials, consider **Royal Bank of Canada** (TSX:RY)(NYSE:RY), which has already in the process of rebounding from its coronavirus crash. The stock is just a swift upside correction (10% pop) away from making a new all-time high, and while they're not the steal they were a few months ago, I'm still an advocate of picking up shares today while they're still cheap historically.

Typically, you've got pay a hefty premium for a premier bank like Royal, but today, shares are modestly priced at just 1.8 times book value. Royal also has an above-average ROE (currently at 14.4%) versus its peer group. As the economy looks to recover swiftly next year, Royal Bank is nothing short of a buy, as it's still a king among men in the Canadian banking scene, especially after its record earnings in the capital markets segment.

Canadian Tire

Canadian Tire (TSX:CTC.A) is an iconic retailer that was a lot more resilient than most thought during the darkest days of early March. COVID-19 shutdowns threatened the survival of many brick-and-mortar retailers, and some feared Canadian Tire may be the next victim of the continued shift towards digital retail.

As it turned out, fears were exaggerated, and Canadian Tire was far more resilient in the face of the worst disruption in its history. The company had a rock-solid liquidity position to weather out the storm and increased efforts to bolster its e-commerce platform, a prior sore spot for the company through the eyes of various short-sellers.

Canadian Tire's financial services business held its own, and the e-commerce business saw its sales rocket by 400%. Indeed, Canadian Tire wasn't the ailing brick-and-mortar retailer most thought it was. As the Canadian economy normalizes, I'd look for Canadian Tire to be one of the biggest beneficiaries, as the 3.3%-yielder looks to blast past its pre-pandemic heights.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:IAG (iA Financial Corporation Inc.)
4. TSX:RY (Royal Bank of Canada)

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Author
joefrenette