



2 Absurdly Cheap TSX Stocks Right Now

Description

Since the strong recovery that markets saw immediately after the crash back in March, most of the **TSX** stocks that were trading at a significant discount are back to fair value. However, there are still a few high-quality businesses that remain highly undervalued.

These stocks are all resilient businesses that you can buy and hold long-term. Finding these high-quality businesses is paramount in this environment. It's always crucial you look at the economy and what the situation is. However, it's even more crucial you do that today with all the uncertainty that exists.

Here are two stocks that are great long-term investments, offer significant discounts, and can be relied upon in the short-term.

Financial TSX stock

Brookfield Asset Management Inc (TSX:BAM.A)([NYSE:BAM](#)) has been of the top stocks on the TSX for years and has many reasons for investors to buy today.

First, it's a top financial stock in this rate environment. With interest rates at or near zero and likely to stay that way for years, investors will have to get creative to find returns. This means that alternative asset managers like Brookfield will likely see a massive increase in investor interest over the next few years.

While the company as a whole is strong, its real estate portfolio has been a major drag on its share performance. However, at the moment that seems to be overblown. Plus, the company has tonnes of liquidity as well as expertise to invest in the retail side of the business to aid in a rebound.

[Brookfield](#) has proven before that these circumstances while impacting it in the short-term, can benefit it long term. The company is brilliant at finding opportunities to invest in distressed companies then turn around the business.

With the stock trading so cheap and the potential for huge sums of funds to flow into its business over the next few years, management presented the likely possibility that the stock could be worth nearly \$110 a share in five years. This would represent a 29% return compounded annually.

Trading at more than 25% off 52-week high in an accommodating interest rate environment, Brookfield will likely never be this attractive again. So if you want a TSX stock you can hold forever, Brookfield is the stock for you today.

TSX energy stock

Enbridge Inc ([TSX:ENB](#))([NYSE:ENB](#)) is another top TSX stock to consider buying today. The major pipeline company is trading down more than 33% off a 52-week high.

Enbridge is one of the blue-chip TSX stocks with the most short-term issues. Being in the oil industry, there are some concerns from investors about the impact on its business.

However, in its most recent quarter, the company earned adjusted funds from operations that were down just 16% from the same quarter last year. These earnings were better than expected due to stronger pipeline volumes than analysts had been expecting.

In addition to generally resilient earnings, the top TSX stock also reiterated its 2020 distributable cash flow (DCF) per share guidance, which is \$4.50 to \$4.80.

What's so promising about it continuing to be confident it will at least hit \$4.50 of DCF/share is that Enbridge's annual dividend is just \$3.24. So even if its DCF is at the bottom of guidance, [Enbridge](#) will still have a maximum payout ratio of 72%.

Obviously, there are other short-term impacts on the business. However, if Enbridge, a massive energy company, can weather the storm during this pandemic and not trim its dividend, it's clear what a resilient stock it is.

And in addition to getting the stock at a major discount, you also get exposure to the dividend aristocrat's massive 8.5% dividend.

Bottom line

It's always ideal to find stocks trading at an attractive discount. However, when these stocks are some of the best long-term businesses on the TSX, it's a no-brainer buy.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)

2. NYSE:ENB (Enbridge Inc.)
3. TSX:BN (Brookfield)
4. TSX:ENB (Enbridge Inc.)

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Author

danieldacosta

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