3 Stocks Still on Sale in This Madly Overpriced Market

Description

The stock market was overpriced before it crashed in March. Now that it has almost recovered to its pre-crash valuation, it's even more overpriced, because the underlying economy is significantly weaker. This gap between the economy and the market valuation is one of the reasons why many people think another market crash, or at least a correction, is due.

Even though it's probable, another crash isn't inevitable, at least for now. But if you want to invest in undervalued stock with decent growth potential or a sizeable yield, you don't have to wait for another crash. There are several stocks that are still trading at a discount in this insanely overpriced market.

A modest growth stock

While REITs are typically cherished for their generous yields, some of them also have decent growth potential. **Allied Properties REIT** (TSX:AP.UN) is one such REIT. It grew its share price by over 350% between 2009 and the March crash. The company is currently trading at a 33% discount from its yearly peak, and it's also relatively undervalued, with a price-to-earnings ratio of 7.1 and price-to-book ratio of just 0.83.

Allied offers monthly dividends and has been increasing its payouts since 2016. The payout ratio is very safe at 28.9%. Its yield typically gets buried under its high valuation, but right now, it's a juicy 4.1%. The company has 160 urban workspace properties in the country.

A Dividend Aristocrat

Manulife (TSX:MFC)(NYSE:MFC) is the largest player in the insurance industry in Canada. It has a market capitalization of $34.7 billion and about $1.18 trillion in assets under management and administration. It has been operating for over 130 years and offers a wide range of products in several countries. In Canada, the company offers insurance, group benefits, wealth management, and investment products and caters to both individuals and businesses.

While it hasn't been a powerful growth stock for a few years now, its status as an Aristocrat and a generous 4.85% yield make it a very desirable holding in your portfolio. It's not just discounted (about 19%) but undervalued as well.

A high-yield stock

A market crash can be a great place to add some high-yielding stocks to your portfolio; **Slate Grocery REIT** (TSX:SGR.UN) is offering a very generous yield, even after several months of the market crash. This grocery-based REIT is offering a remarkable 9.6% yield at a relatively safe payout ratio of 107% (considering the history of payout ratios of the company).

It's a significant investor in U.S.-based grocery-anchored real estate. This makes it relatively safe, even in the current pandemic-driven market, and is probably the reason why it's the least-discounted stock on this list. It's also not too undervalued, but a 9% discount with a 9.6% yield is a sale that you might not want to pass on.

Foolish takeaway

All three stocks offer generous dividend yields and can be a great addition to your dividend side of the portfolio. The dividends of these companies also look relatively safer. If they haven't slashed their dividends after one of the worst crashes in a decade, they are unlikely to do so in the future when the economy is finally recovered.

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1. Dividend Stocks
2. Investing

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2. TSX:AP.UN (Allied Properties Real Estate Investment Trust)
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