



## Adding These 3 Undervalued TSX Stocks to Your Portfolio Would Be a Good Idea

### Description

The **S&P/TSX Composite Index** has recovered strongly from its March lows and had hit a new all-time high last week. The expectation of more stimulus, low-interest-rate environment, and vaccine euphoria are boosting the equity markets worldwide, despite the concerns over rising COVID-19 infections and slowdown in economic recovery.

Meanwhile, some TSX stocks have failed to participate in this strong recovery rally and are available at attractive valuations. Here are the three undervalued TSX stocks that you can buy right now to earn oversized returns this year.

### Suncor Energy

**Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), an integrated energy company, is up over 60% since **Pfizer** first reported the effectiveness of its vaccine in preventing the spread of vaccine on November 9. Despite the surge, the company still trades around 44% lower than its 52-week high, [proving an excellent buying opportunity](#).

Amid the expectation of more stimulus and vaccine euphoria, crude oil price hit an 11-month high earlier this week, bringing much-needed relief to the energy sector. Given its integrated business model and long-life and low-cost assets, Suncor Energy is well positioned to benefit from the increased crude oil prices.

Meanwhile, the company's management expects to sustain its business and also pay its dividends even when WTI crude oil is trading slightly lower than US\$40 per barrel. Meanwhile, with WTI crude oil trading well above US\$50, I expect Suncor Energy to deliver robust numbers in the coming quarters.

The company also pays [quarterly dividends of \\$0.21 per share](#), representing a dividend yield of 3.4%. Its valuation looks attractive, with its price-to-book multiple standing at 0.7.

## Canadian National Resources

After bottoming out in March, **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) has returned 236.8% as of yesterday. However, the company still trades over 20% lower than its 52-week high. The weak oil prices had weighed heavily on its financials, with the company reporting a net loss of \$1.18 billion in the first three quarters compared to a net profit of \$4.82 billion in the previous year's corresponding period.

Meanwhile, the company had delivered a significant sequential improvement in its September-ending quarter. The increase in oil prices, higher production volumes, and a decline in production costs led to improved operating metrics. Given its long-life, low-decline asset base, the company can break even and pay dividends at the WTI crude trading at around US\$31 per barrel. So, with WTI crude oil trading above US\$50, we can expect the company's numbers to be strong in the coming quarters.

Further, its dividend yield and valuation also look attractive. Canadian Natural Resources's forward dividend yield currently stands at 5.3%, while its price-to-book multiple stands at 0.8.

## Bank of Nova Scotia

Last year, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) had lost over 6.2% of its stock value, as higher provisions for credit losses dragged its earnings down. However, the company's financials are showing significant sequential improvements. The company's adjusted EPS increased 39% from the previous quarter in the October-ending quarter, while its credit provisions declined from \$2.2 billion to \$1.1 billion.

Meanwhile, the reopening of the economy and the vaccine rollout could improve economic activities and increase credit growth, thus boosting the Bank of Nova Scotia's financials. Further, its significant exposure to high-growth markets and diversified footprint should drive its growth in the coming quarter.

The company's valuation also looks attractive, with its forward price-to-sales multiple and price-to-book multiple standing at 2.3 and one, respectively. Bank of Nova Scotia also pays quarterly dividends of \$0.90 per share, representing a dividend yield of 5.1%.

### CATEGORY

1. Bank Stocks
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:CNQ (Canadian Natural Resources)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:CNQ (Canadian Natural Resources Limited)
6. TSX:SU (Suncor Energy Inc.)

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