



## 5 Dirt-Cheap TSX Stocks That Could Soar High in 2021

### Description

While the stock market may be frothy, that doesn't mean there aren't any [dirt-cheap](#) **TSX** stocks out there. This piece will have a look at five of my favourite value plays.

### Fairfax Financial Holdings

Run by legendary investor Prem Watsa, Canada's Warren Buffett, **Fairfax Financial Holdings** ([TSX:FFH](#)) is a magnificent stock to hold over the long haul. Currently, Watsa, like the real Buffett, is in a slump thanks in part to the COVID-19 crisis. Once the pandemic ends, I think FFH stock could be in for an epic rebound. Not only will fading pandemic headwinds act as a weight off the firm's shoulders, but Fairfax has shown subtle improvement to its underwriting track record over the years.

And if you're like me and believe in Watsa's stock-picking abilities and his knack for spotting macroeconomic trends, FFH stock is a steal while shares trading at a near 20% discount to its book value.

### IA Financial

**IA Financial** ([TSX:IAG](#)) is a lesser-known Canadian financial that I think gets the least respect. Sure, the dividend (currently at 3.3%) tends to be dwarfed by its peers in the Canadian insurance space, but the management team, I believe, is worth sacrificing a percentage or two worth of yield.

IA is a stellar underdog in the insurance and wealth management scene. While IA doesn't have the most attractive international growth story in the world, it does have managers who do a stellar job of managing through downturns and crises. There's a reason why IA was one of the first insurers to recover from the Great Financial Crisis; it's a solid insurer with some of the best risk-averse managers out there.

The stock trades at just one times book value and is one of the more underrated deep-value plays.

## ONEX

**ONEX** ([TSX:ONEX](#)) is an investment manager with a track record of [crushing](#) the TSX Index. Like Fairfax, the firm is in a slump due to the COVID-19 crisis. Simply put, ONEX found itself in the wrong place at the wrong time, thanks in part to the poorly-timed scoop-up of WestJet Airlines within months of the coronavirus crisis.

It's unwise to think that ONEX has lost its edge or to blame the firm for feeling the full impact of the COVID-19 crisis. The company is well poised to come roaring out of this pandemic and is one of the cheaper reopening plays to buy at just 0.7 times book value.

## Fortis

Defensive dividend stocks have been punished lately, and **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)), one of the best TSX bond proxies, was not spared. The 4%-yielding dividend is in a position to grow at a 5% annualized rate moving forward and is a far better bet than fixed income debt securities.

Traditional utilities are heavily out of favour now, thanks to the increased appetite for riskier reopening plays. If you lack a foundation in your portfolio, I think it makes a tonne of sense to back up the truck on shares to lower your portfolio's correlation and limit downside from the next market correction.

The stock trades at just 1.4 times book and 2.7 times sales, which is far too low for the calibre of business you're getting.

## Bank of Nova Scotia

As an internationally-focused bank **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) has been feeling the pressure of the COVID-19 crisis. The Big Six bank provides investors with emerging markets exposure and greater growth prospects over the long haul. With emerging markets and the big financials under pressure, investors have a chance to scoop up shares of the well-run bank at a hefty discount to its peer group.

The stock has a safe and sound 5.2%-yielding dividend and trades at just 1.3 times book value at the time of writing. If you lack emerging markets exposure, BNS stock is a great way to get it amid continued pressures.

### CATEGORY

1. Dividend Stocks

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:FTS (Fortis Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:FFH (Fairfax Financial Holdings Limited)

5. TSX:FTS (Fortis Inc.)
6. TSX:ONEX (Onex Corporation)

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