3 Tanking TSX Stocks Worth Buying Here

Description

Catching a falling knife can be harmful to your wealth if you don't put in the homework. Value investors can minimize the chances of getting knicked by falling knives by putting in ample due diligence beforehand. By conducting a thorough analysis, one can formulate a sound investment thesis to minimize the risks of losing money over the long run.

In this piece, we'll have a look at three tanking **TSX** stocks that I think are worth reaching for at this critical market crossroads. But be warned, you'll like have to endure short-term pain for a shot at a longer-term gain.

Without further ado, consider **Barrick Gold** (TSX:ABX)(NYSE:GOLD), **BCE** (TSX:BCE)(NYSE:BCE), and **TC Energy** (TSX:TRP)(NYSE:TRP).

Barrick Gold

It's official. Warren Buffett is out of Barrick Gold stock as of the fourth quarter.

Barrick shares have been plunging violently, as gold prices went retreated from US$2,000 to below the US$1,800 mark. Although Barrick has one of the most promising dividend policies in the gold miner universe, I wouldn't view any such payout as safe over the long run if gold prices were to continue retreating at this rate.

That said, the stock is getting too cheap and is worth picking up if you lack exposure to precious metals.

Today, ABX stock is down 37% from its September 2020 all-time high, with a bountiful 1.8% dividend yield. If you think gold prices can hold above US$1,800, the stock is severely undervalued at under 1.6 times book.

Analysts are bullish on the stock, with an average price target that's shy of $40. That implies a whopping 52% worth of upside from current levels.

BCE

BCE is a Canadian telecom that's been feeling the full impact of COVID-19 headwinds. The stock is down over 15% from its 2019 peak and up just 6% from its March 2020 bottom. With a swollen (and safe) 6.4% dividend yield, I'd look to start accumulating shares here if you're willing to hang on for the post-pandemic environment.

The company plans to increase capital spending and expects to double its 5G coverage over the next two years. Once COVID-19 is conquered and Canadians are ready to upgrade to 5G-enabled devices, I think BCE and its telecom peers will be among the first of COVID-hit reopening plays to surge above pre-pandemic highs. At just three times book value and 2.1 times sales, BCE stock is way too cheap to ignore here, given the massive 5G catalysts that are just on the horizon.

TC Energy

TC Energy is a well-run midstream energy player with a big, juicy 6.3% yield. The company can't seem to catch a break of late, with the Keystone XL pipeline being blocked by U.S. President Biden.

Keystone XL probably won't get build, and that's a huge blow to TC Energy's business. That said, I do expect the company will move on from its latest setback, as it has so many times in the past. The company still has an intriguing pipeline (excuse the pun) of growth projects that can grow operating cash flows at an above-average rate.

Such growth can support mid-single-digit annualized dividend hikes for many years to come. The dividend remains well-covered and is worth picking up while shares trade at just 1.8 times book.

CATEGORY

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TICKERS GLOBAL

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2. NYSE:BCE (BCE Inc.)
3. NYSE:TRP (Tc Energy)
4. TSX:ABX (Barrick Mining)
5. TSX:BCE (BCE Inc.)
6. TSX:TRP (TC Energy Corporation)

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