



## 2 of the Best Undervalued Canadian Stocks to Buy Right Now

### Description

Instead of selling in May 2021 and going away, as some may be inclined to do after an [explosive](#) start to the year for the **TSX Index**, it may be a wiser idea to stay the course by buying cheap Canadian stocks as they come along. Don't let anyone tell you that the stock market is too expensive to go on the hunt for cheap Canadian stocks. The TSX has been a steady outperformer this year, putting the [growth-heavy](#) Nasdaq 100 to shame while mostly shrugging off concerns over higher rates.

The commodities boom and the bounce back in the top financials have been primary drivers of the TSX Index's incredible 10% rally in its first four months of 2021. With the growth-to-value rotation in full swing, I think it's a good idea to spread your bets to some of the old-fashioned value stocks, as they'll probably be in a spot to continue outperforming into year's end, especially as inflation jitters take hold.

### Sticking with the value trade for the latter half of 2021

U.S. Treasury Secretary and former Fed chair Janet Yellen really spooked the markets with her inflation remark. And although she clarified that there's actually no need for the Fed to hike yet, there still seem to be jitters in the growthier areas of the market. Such fragility to comments could suggest that speculative tech stocks may be on fragile footing.

In any case, investors, especially those overweight in growth stocks, should look to some of the cheaper Canadian stocks, so their portfolios are ready to do well, regardless of what the Fed says next. Without further ado, consider scooping up a few shares of **TD Bank** ([TSX:TD](#))([NYSE:TD](#)) and **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)).

### TD Bank

TD Bank has been roaring back in recent months. Despite the momentum and the now fair valuation metrics, I still think the top Canadian Dividend Aristocrat is one of the more compelling value options out there.

With rising rates likely within the next three years, the banks are finally going to see the tides turn in their favour. That means better loan growth, fatter net interest margins (NIMs), and all the sort. I don't think such longer-term tailwinds are fully reflected in the share price of Canadian bank stocks right now, especially not TD Bank, which is hungry for a big acquisition, likely in the area of American retail banking.

At the time of writing, TD stock trades at 1.7 times book and 13 times earnings. Shares are a low price to pay for a handsome, growing dividend.

## Manulife Financial

Manulife Financial is a Canadian insurer that could surge on the back of the booming economy. With a great Asian business that's poised to capitalize on one of the fastest-growing middle classes out there, I think many Canadian investors are discounting Manulife's longer-term growth potential, even after its rally off those ominous March 2020 lows.

On Thursday, Manulife stock took a breather, pulling back 3.4% on the day. I think the mild pullback is nothing more than a great buying opportunity for long-term investors who seek the perfect blend of growth and dividends. The stock sports a rich 4.3% yield and appears to be heavily discounted at just 0.7 times sales, given the magnitude of tailwinds that are just up ahead.

The company recently announced sustainability initiatives in its "journey to net zero" by 2050, which should appease the younger generation of investors who want to use their investment dollars to make a difference in the world.

With Manulife, ESG investors can build wealth and feel good at the same time.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:MFC (Manulife Financial Corporation)
4. TSX:TD (The Toronto-Dominion Bank)

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