



## 3 Undervalued TSX Stocks to Buy Under \$40 in May 2021

### Description

With the **TSX Index** hitting all-time highs, it is getting harder and harder to [find stocks](#) that are attractively valued. When investing in times of overall market strength, it is important to make sure you are looking for high-quality businesses and investing in them for the long run. Market momentum can change in a heartbeat.

Generally, the best way to actually make money is to control your emotions in the short term and buy and hold investments for the long term. The longer you hold an investment, the better your chances of actually making money. With this in mind, here are three undervalued TSX stocks that look like attractive stocks to buy in May and hold for the long run.

### A top TSX telecom stock

**Telus** ([TSX:T](#))([NYSE:TU](#)) is one of Canada's largest and most profitable telecom businesses. Certainly, the Canadian telecom industry is not the most exciting. Yet, everyone needs a phone, and, just as important, everyone needs internet/data. Generally, the winner in this industry is the one that provides the best service, fastest/most reliable networks, and most optionality for customers.

That is why I like Telus. Every quarter, it is leading the industry in adding net new customers. Likewise, its aggressive roll-out of fibre optic networks means it has one of the fastest and most reliable networks in the industry. This will be an asset particularly as it broadens its 5G coverage and services.

Lastly, Telus is innovating in numerous key digital verticals such as customer experience, healthcare, agriculture, security, and home automation. Many of these up-and-coming businesses are not fully valued in the stock price. As a result, I think that presents some attractive long-term upside. This TSX stock trades around \$26 per share today. It pays a great 4.7% dividend, which it has risen by nearly 9% since December 2020.

### A TSX tech stock with years of growth ahead

One of Telus's up-and-coming businesses was actually just IPO'd in February. This TSX stock is called **Telus International** ([TSX:TIXT](#))([NYSE:TIXT](#)). It provides omni-channel digital customer support solutions for some of the world's biggest companies (**Alphabet** is one of its biggest customers). It just released very strong [first-quarter results](#). Revenues, adjusted EBITDA, and adjusted diluted earnings per share were up year over year by 57%, 90%, and 229%.

This company is enjoying growth with the likes of some of its best technology customers. For the rest of the year, the company still expects to grow revenues and adjusted EBITDA by at least 30% or more. This TSX stock trades around \$38 per share today. However, that is lower than its highs set shortly after its IPO. Given its strong growth metrics, I still think it has a long runway ahead for this business.

## A cyclical value play on e-commerce

**Intertape Polymer** ([TSX:ITP](#)) is more of a cyclical TSX stock investors might want to consider owning. It produces packaging, tapes, and wrapping solutions for a wide array of industries. However, in 2020, due to the pandemic, it saw a massive surge in demand for its e-commerce and home-building products.

I like this company because it has prudently investing in its production capacity, efficiency, and product mix. Now it can produce large volumes of e-commerce products, but with very attractive margins. Consequently, the company is producing a significant amount of free cash flow. Likewise, it has multiple levers to grow organically over the next few years.

This TSX stock wins from e-commerce tailwinds, but also from a general recovery in the global economy. Despite solid growth projections ahead, it is still pretty cheap at 16 times forward earnings. Not to mention, this stock pays a decent 2.6% dividend that is well covered by internally generated cash flows.

### CATEGORY

1. Dividend Stocks
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1. Editor's Choice

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1. NYSE:TIXT (Telus International)
2. NYSE:TU (TELUS)
3. TSX:ITP (Intertape Polymer Group)
4. TSX:T (TELUS)
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