



3 Undervalued TSX Stocks I'd Buy Right Now

Description

While the **S&P/TSX Composite Index** is soaring, there are still some great stocks you can buy on the cheap today. When markets are hot, you have to be cautious that you don't overpay. When markets cool down for the worse, it can take years for stock valuations to recover.

As Warren Buffett has said, "Price is what you pay. Value is what you get." That's why I like to look for stocks with growth, opportunities, or underlying value that the market does not yet appreciate. Here are three [undervalued TSX stocks](#) I'd buy right now.

A TSX stock leading in asset management

Brookfield Asset Management (TSX:BAM.A)([NYSE:BAM](#)) is one of the largest alternative asset managers in the world. Yet, consistently the market seems to underweight the quality of this stock. Maybe, it is because it takes a contrarian approach and invests in assets when they are least loved. An example is its recent takeover of **Brookfield Property Partners**, which owns malls and office buildings, two very unloved real estate asset classes.

However, investors forget that time and time again this strategy has unlocked significant value for shareholders. In the Great Financial Crisis of 2009, it was swiping up real estate, infrastructure, and power assets that now have formed the backbone of some of its best quality subsidiaries.

Just yesterday, BAM released [really impressive results](#). Net income per share and funds from operations per share increased 485% and 227%, respectively. While some of this was due to asset recycling, the company still grew its fee-related earnings by 29% year over year. The company has a great balance sheet, a strong management team, and diversified global operations. All-in, it is a great **TSX** stock to just buy, hold, and own forever.

An under-loved Canadian tech stock

Another stock that looks cheap today is **Calian Group** ([TSX:CGY](#)). This TSX stock provides solutions

for largely institutional and government clients. Some of its largest customers are the Canadian Armed Forces, NATO, and the European Space Agency. Generally, it has very sticky contracts. Calian provides an advanced level of rapport, expertise, and knowledge that many other companies just don't have with these clients.

This TSX stock reported very strong second-quarter results yesterday. It saw record quarterly revenues of \$138 million, an increase of 33%. Similarly, it recorded record adjusted EBITDA of \$14.2 million, an increase of 39%. The company has a great cash-rich balance sheet, so it has fuel to continue growing by acquisition.

Yet, it is also targeting organic growth of over 10% in each of its segments. This stock trades with a forward earnings multiple of just 16 times. I believe this stock could re-rate to the upside. Combine that with strong, stable earnings growth and I think Calian looks great here.

A TSX telecom stock with lots of hidden growth

I know when you hear **Telus** ([TSX:T](#))([NYSE:TU](#)) you probably just think of a boring old TSX telecom stock. However, this business keeps getting more and more interesting. Over the past few years, Telus has been positioning itself to be leader in the digital transformation across Canada and the world. Recently, the company just bolstered its capital spending plan in 2021. It is accelerating the rollout of its fibre optic broadband footprint across Canada. This will be pivotal in establishing its 5G and cloud network strategy.

Right now, management expects this will also help accelerate earnings and cash flow production in 2022, and especially 2023. Not only that, but Telus continues to build smaller digital vertical businesses from within. It just spun-out **Telus International**, Canada's largest tech Initial Public Offering (IPO) to date.

It also has strong growing businesses in virtual healthcare, agri-tech, and security/smart home technologies. Many of these higher valuation business are not fully factored into the stock price yet. Currently, Telus pays an attractive 4.8% dividend, but investors can likely expect that to grow by 7-10% for the foreseeable future. It's a great stable income/growth play for the 5G and digital revolution at hand.

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2. NYSE:TU (TELUS)
3. TSX:BN (Brookfield)
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