3 Top Bargain Stocks to Buy Today With $1,000

Description

I see substantial value in several TSX-listed stocks, despite the stellar recovery rally in one year. While the list is long, I have zeroed in on three Canadian companies that are well established, have strong growth potential, and are trading at a significant discount compared to peers.

Furthermore, these companies have consistently paid and increased their dividends for a very long period. So, if you can invest $1,000, consider buying these three top bargain stocks right now for both growth and income.

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Scotiabank

Scotiabank (TSX:BNS)(NYSE:BNS) stock has witnessed strong buying in the recent past and has appreciated by about 64% in one year on hopes of a revival in the economy, strong earnings growth, and growing consumer demand. While its stock appreciated quite a lot, Scotiabank continues to trade a price-to-book value multiple (P/BV), which is well below its peers.

For instance, its P/BV multiple of 1.5 is significantly below **Toronto-Dominion Bank's** and **Royal Bank of Canada's** P/BV multiples of 1.8 and 2.1, respectively. Further, its price-to-earnings (P/E) ratio of 11.1 is also lower than its peers. I believe higher loans and deposit volumes, exposure to high-growth banking markets, lower provisions, and expense management will boost its earnings and stock price. Meanwhile, the bank could continue to enhance its shareholders' value through increased dividend payments. Currently, its yield stands at 4.5%.

Loblaw

Food and pharmacy leader **Loblaw** (TSX:L) offers good value and is trading at a significant discount compared to peers. Loblaw's next 12-month (NTM) P/E multiple of 14.2 is lower than **Metro's** and **Alimentation Couche-Tard's** forward multiples of 16 and 18.6, respectively, making it an attractive bargain stock at the current price levels.

Notably, it has a resilient business and is likely to remain unaffected by the expected spike in inflation and wild market swings. I believe Loblaw's value offerings, home delivery, and online grocery pickup services position it well to drive traffic and accelerate its comparable sales growth. Also, the expansion of the front-store services and rewards program augurs well for future growth.

Capital Power

Capital Power (TSX:CPX) is another stock that looks attractive at the current levels. Shares of Capital Power are trading at an NTM P/E multiple of 19.5, which is lower than its peers **Algonquin Power & Utilities** and **TransAlta Renewables**, which are trading at a forward P/E multiple of 22.3 and 24.8, respectively.

The power producer's attractive valuation and low-risk business strengthen my bullish view. Its high-quality asset base, long-term regulated and contracted agreements, and strong renewables portfolio position it well to offer higher returns in the coming years. Capital Power has raised its annual dividends by 7% in the past seven years, thanks to its diversified power-producing assets that generate predictable and growing cash flows. Moreover, it projects its annual dividend to increase by 5% in 2022, supported by its strong development project pipeline and cost-reduction measures. Capital Power currently offers a healthy yield of about 5.4%.

Bottom line

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Notably, these bargain bets are trading below $100, implying that investors, even with small capital, could add these stocks to their portfolio and handily outperform the broader markets.

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2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:CPX (Capital Power Corporation)
4. TSX:L (Loblaw Companies Limited)

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