



3 Cheap TSX Stocks to Buy Right Now

Description

Sometimes, buying stocks can feel like grocery shopping. You usually stick to your grocery list (your favourite stocks or companies on your watch list) but sometimes, you pick up a thing or two *just* because it's a great deal. But even then, you wouldn't buy something completely useless or irrelevant. That's just as true for cheap stocks as it is for grocery discounts and deals.

You shouldn't buy a stock just because it's selling at the right price; you should analyze its potential as well, albeit using relatively softer criteria. If great valuation and modest growth potential culminate to better returns than the combination of expensive valuation and powerful growth potential, the former might be a more profitable choice.

A software and service company

Enghouse Systems ([TSX:ENGH](#)) is a Markham-based software and service company with a market capitalization of \$2.86 billion. It has been operating since 1984 and is the oldest Dividend Aristocrat in the tech sector and has grown its payouts by 14 consecutive years. Enghouse is a bit overvalued right now, but it *is* cheap. It's trading at a 33% discount from its 2020 peak.

The discount has pushed the yield to 1.24%, which is impressive compared to the company's historical yield. The company is financially sound, has a strong balance sheet, and minimal debt compared to its cash and investments.

Enghouse has two operating divisions, and overall, it's an acquisition-oriented company and acquires [tech companies](#) that fit its profile and strategic goals. It was a decent growth stock before the 2020 crash.

A sawmill company

One of the companies that grew its investors' capital several times over after the 2020 crash was Vancouver-based **Interfor** ([TSX:IFP](#)). Part of it is because of the state of the construction industry (and

value of lumber) and Interfor's position as the largest lumber provider in the world. Unlike most of its peers who have diversified revenue sources (including pulp paper, engineered wood, etc.), Interfor generates *all* of its revenue from lumber.

This has been enormously successful for the company recently and grew over 540% since the crash. And the best part is that the revenues are keeping pace. Its 2021 first-quarter revenue is 77% higher than its 2020 first-quarter revenue.

However, the stock is normalizing. The stock isn't just discounted (22% and still going down); it's also quite undervalued with a price-to-earnings of 3.6 and a price-to-book of 1.4 times.

An investment management company

Cymbria ([TSX:CYB](#)) is an asset management company with a market capitalization of \$1 billion. It was founded in 2008 during one of the worst conditions the stock market has ever seen. It started with about \$324 million worth of assets under management.

Now, the company has \$1.1 billion in assets under management and about 50 holdings, the most significant of which is Edgepoint Wealth Management which makes up about 19.5% of Cymbria's portfolio.

While it's not exactly on a tear, but the stock *is* growing at a steady pace from the beginning of the year. The company is currently at its highest valuation ever, but it's quite undervalued. The price-to-earnings is just 4.24 at the time of writing this.

Foolish takeaway

The three cheap stocks might have [decent growth potential](#), and if you take advantage of the value or the discounted price right now (or after the stock has dipped even further), you might be able to magnify its return potential. Not all three companies might be worth holding long-term, though.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:CYB (Cymbria Corporation)
2. TSX:ENGH (Enghouse Systems Ltd.)

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