



TSX Today: 3 Value Stocks in a Frothy Market

Description

It's especially critical to be careful of what you're buying in a frothy market. If you're putting money in Reddit stocks that are trading at absurdly expensive levels, understand that you're gambling and size your bets accordingly.

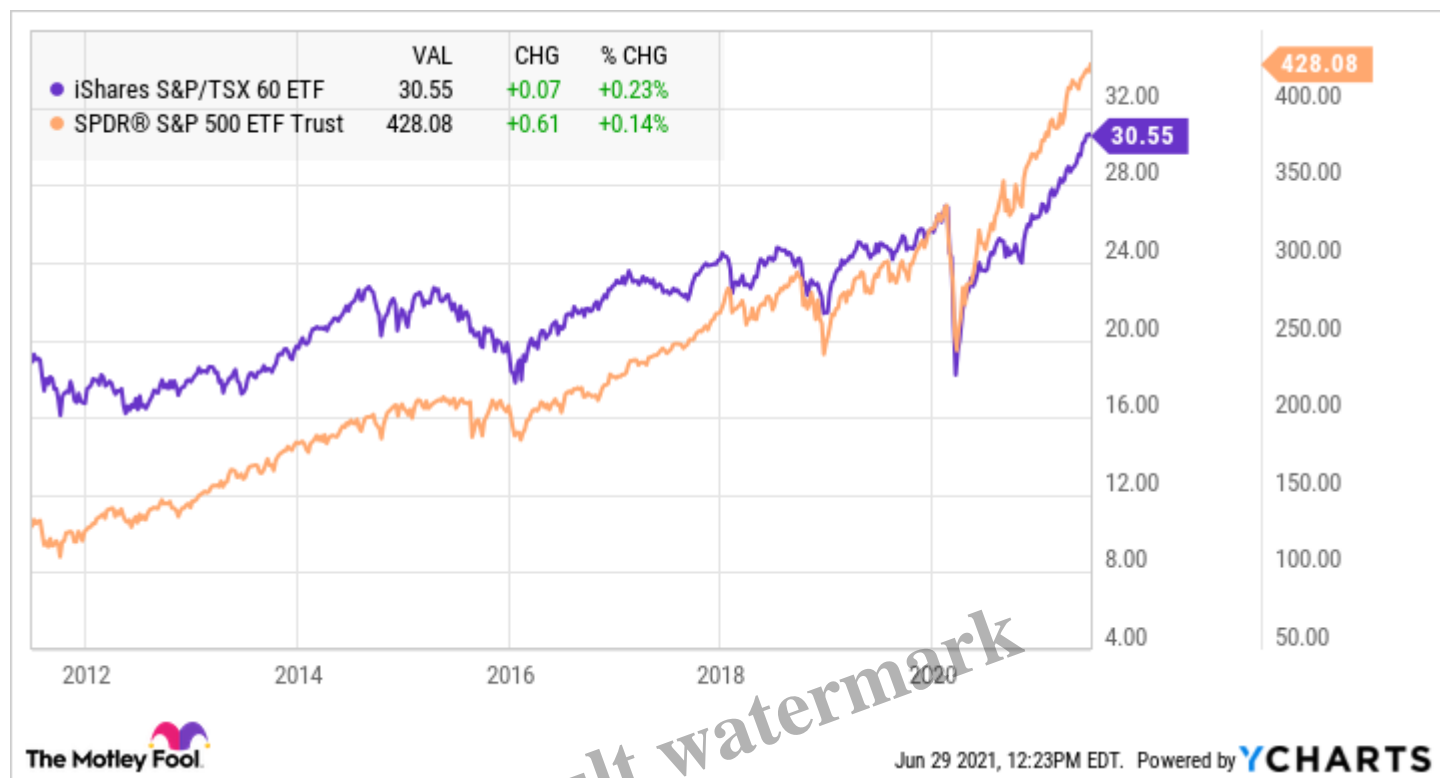
The **S&P 500 Shiller** cyclically adjusted price-to-earnings (CAPE) ratio suggests the U.S. stock market is trading at its highest valuation in history (second only to the Internet bubble)!



S&P 500 Shiller CAPE Ratio data by YCharts.

Note that each peak in the graph was followed by a downturn, some more devastating for investors

than others. Investors need to prepare for substantial corrections in the market, though we never know when they will come.



Data by YCharts.

The Canadian stock market moves in tandem with the U.S. market. Therefore, Canadian stock investors need to tread just as carefully when investing in Canadian or U.S. stocks.

Many stocks are trading at ridiculously high valuations. Here are three value stocks you can consider in the **TSX** today!

A value stock that pays a nice dividend

Manulife ([TSX:MFC](#))([NYSE:MFC](#)) is one of the cheapest value stocks on the TSX today. About a third of its business is in Asia, which it expects to experience greater growth.

At \$24.23 per share at writing, it trades at a blended price-to-earnings ratio of about 8.1 but it's projected to grow earnings per share at a compound annual growth rate of 6-13% over the next three to five years. Analysts estimate the stock trades at a discount of approximately 18%.

Manulife stock is a Canadian Dividend Aristocrat that has increased dividends for seven consecutive years with a five-year dividend growth rate of 11%. With an estimated payout ratio of only 35% this year, investors can expect sustainable dividend growth to ensue.

Buyers of [MFC stock](#) today can enjoy an attractive initial yield of 4.6% immediately.

A value TSX stock today

Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#)) also appears to be relatively cheap to the market and its peers — perhaps due to its exposure to emerging markets that could see a slower rollout of COVID-19 vaccines.

The cheap Canadian bank stock could experience an upside of about 15% over the next 12 months. Meanwhile, it provides a solid yield of nearly 4.5% at \$80.49 per share at writing.

Due to regulator restraints in response to the higher stressful economic environment through the pandemic, the Canadian banks, including the Bank of Nova Scotia, have frozen their dividends for some time. Once the ban is lifted, BNS stock investors could see a nice bump up in their dividend income.

This growth stock is cheap

It appears that after an article about the digital transformation of healthcare was published this morning, **WELL Health Technologies** ([TSX:WELL](#)) and its peers gained attention from the investing community as they popped nicely. WELL stock is up about 6% at writing but still cheap versus analysts' 12-month price target that suggests 38% upside.

Additionally, as the \$1.7 billion market cap company continues its M&A and innovation strategy, the price target is likely to be raised. The company compares itself to **Berkshire Hathaway**, except it focuses on the theme of tech-enabled healthcare.

Like Berkshire, [WELL Health](#) also takes a decentralized operating strategy, allowing the quality management of its respective businesses to run the operations.

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1. Bank Stocks
2. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:MFC (Manulife Financial Corporation)
5. TSX:WELL (WELL Health Technologies Corp.)

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Date

2025/08/24

Date Created

2021/06/29

Author

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