



## 2 Deeply Discounted Dividend Stocks for Canadian Investors

### Description

With the stronger loonie and a weakening U.S. greenback, it's tempting for Canadian investors to make the foreign exchange (FX) swap right here with the intention of topping up one's [American](#) portfolio. Undoubtedly, many Canadians should invest south of the border for those "essential" sectors (most notably, consumer staples and innovative tech) that are few and far between on the **TSX Index**.

It is worth noting, however, that while the FX rate has gotten more favourable, so too has the [price of admission](#) into many hot U.S. stocks. Do the steep valuations south of the border offset the now favourable FX rate, with the loonie pinned at US\$0.81? That's the million-dollar question. On average, I think there's much better value to be had in Canada these days. **Bank of America** certainly seems to think so in its latest note to investors, highlighting the possibility of greater value up north.

I think Bank of America is right on the money.

Value is tougher to come by on the **S&P 500** or **Nasdaq** exchanges these days. As such, I think it makes sense to exchange a few loonies for greenbacks, but hold off on large-scale purchases of U.S. securities until valuations have a chance to cool off. For those looking to beat the market for the rest of 2021, there are two Canadian stocks, in particular, that stand out to me as screaming bargains that must be bought by value investors hungry for opportunities to pay two to three quarters for a dollar.

Looking to the non-bank insurance space, **IA Financial** ([TSX:IAG](#)) and **Intact Financial** ([TSX:IFC](#)) look like compelling value options for investors at this market crossroads.

### IA Financial

IA Financial is a lesser-known insurer that's flown under the radar of most Canadian investors for its below-average dividend yield and its more modest growth profile. Undoubtedly, IA isn't the "sexiest" option in the Canadian insurance scene, but I'd argue that it's also one of the cheapest and most conservatively run.

The company's wealth management business has been booming, with incredible flows of late. With the

recent quarter revealed a pick-up in top-line growth, I think IA is an underdog that's well worth betting on, especially at today's rock-bottom valuations. IA may not have a front-row seat to the growthy Chinese market, or the largest yield out there (currently at 2.8%), but at 9.8 times earnings and 0.5 times sales, the stock does offer one of the lowest prices of admission out there.

## Intact Financial

For those looking for North American property and casualty (P&C) insurance exposure, it's tough to beat Intact. Like IA, shares have a less bountiful dividend (yielding 2%), but what it lacks in yield, I believe, it makes up for in terms of prudent long-term growth.

Just over a month ago, Intact clocked in a solid quarter that saw EPS numbers surge 49% year over year, beating the Street by around 20%. Canadian underwriting income soared 78% year over year, while U.S. underwriting income was weighed down by storms in Texas.

Shares of Intact trade at two times sales, 2.7 times book value, and 16.7 times earnings. A pricier play in the insurance space, but should the company's underwriting track record continue to improve on the other side of this pandemic, the stock could face a continued re-valuation to the upside. Given the calibre of management, I think it's only a matter of time. And for that reason, Intact is a buy at \$169 and change in my books.

### CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

1. TSX:IAG (iA Financial Corporation Inc.)
2. TSX:IFC (Intact Financial Corporation)

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### Date

2025/08/18

### Date Created

2021/07/05

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