2 Dirt-Cheap TSX Value Stocks Perfect for the Second Half of 2021

Description

The **TSX** was unstoppable in the first half. While the first-half performance is unlikely to be topped in the second half, I still think there are compelling TSX value stocks out there that can allow one to achieve relatively decent results in what could be a chopper market environment.

Undoubtedly, the pandemic isn't over, and insidious variants of concern could outweigh Fed rate hikes and inflation woes going into year-end. With plenty of things to worry about, I think investors would be wise to place bets across a broad range of securities that will stand to do relatively well no matter what.

Here are two TSX stocks that are cheap enough such that any September or October correction is less likely to be as impactful as many of the pricier securities out there.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.A)(TSX:ATD.B) is a Quebec-based convenience retailer that could get more active heading into year's end. The company has grown through prudent M&A over the decades, but of late, the firm hasn't been nearly as active as most investors would have liked. It's not for lack of trying, though.

Couche-Tard has enough cash and credit to make its biggest deal to date. It just hadn't had much luck in the way of regulatory approval, especially when it came to French grocer Carrefour.

Now, I have no idea when the company will pull the trigger or if investors will like it (they hated Carrefour). I do think there's a margin of safety with the depressed valuation, though. For that reason, I'm inclined to buy at $45 and change. With a 0.9 beta and a modest multiple, Couche-Tard looks poised to weather any second-half correction far better than most other TSX stocks out there.

North West Company

North West (TSX:NWC) is a retailer that serves remote communities that typically lie outside of the reach of most other retailers. Serving the underserved localities comes with its advantages. Most notably, distance serves as an essential moat component for the firm.

As you'd imagine, transporting and selling goods in remote regions can be pricy. And for that reason, many other big-name retailers would probably be less willing to make the investments to get in on North West's turf.

Moreover, North West seems more immune to any rise in e-commerce. While there could be more pressure in the future, I view North West as being one of the safer traditional retailers out there.

Today, the stock commands a juicy 4% dividend yield alongside a low 0.5 beta. Both the handsome payout and the low correlation to the broader equity markets will allow North West shares to hold their own in the next market-wide scare. With the modest valuation (10.6 times trailing earnings and 0.7 times sales), which I believe gives the stock a nice margin of safety, NWC shares are more likely to be in the green on a big day in the red.

Moreover, if another COVID-19 outbreak strikes, North West is too essential to close its doors. As such, North West is shaping up to be one of the better defensive plays out there right now.

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2. TSX:NWC (The North West Company Inc.)

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