3 Dirt-Cheap TSX Stocks to Buy Now

Description

When it comes to finding cheap **TSX** stocks there are a few things you need to take into consideration, but not necessarily all at once. There might be a cheap share price you want to consider. There could be a future growth opportunity that makes it a discount. Or there could be a pullback to jump in on.

Here I'm going to go over three **TSX** stocks for Motley Fool investors to consider based on these and company fundamentals. Each is definitely a cheap stock worth your consideration, especially when coupled with long-term investment.

Royal Bank

First I'm going to look at a cheap stock that *isn't* cheap when you just look at the share price. **Royal Bank of Canada** (TSX:RY)(NYSE:RY) currently trades at $127.83, so not cheap if you're looking for penny stocks. However, it is cheap when you look at the company's price-to-earnings ratio (P/E) of 12.98. The P/E ratio demonstrates what the market is willing to pay based on the company's past and future earnings.

So a high P/E ratio would mean shares are high compared to earnings and therefore overvalued, whereas a low P/E means it's cheap compared to earnings.

A P/E under 15 is considered quite low, so given that we can see that Royal Bank stock is actually a bargain. That's even compared to other Big Six Banks. But Royal Bank is the largest of the Big Six banks by market capitalization.

It's on a growth path that's seen shares rise by 979% in the last two decades, a compound annual growth rate (CAGR) of 12.62%. All the while offering a dividend yield of 3.43% that's grown at a CAGR of 7.93% in the last decade. So this is one of the perfect TSX stocks to buy and hold forever. Especially at today's price.

WELL Health stock

Next let's look at the traditional view of cheap: share price. **WELL Health Technologies** (TSX:WELL) has a high P/E ratio, but a low share price given what analysts believe the future might hold for this company. WELL Health stock has become the largest outpatient clinic in the country after it's the boom in telehealth technology during the pandemic.

Since telehealth isn't going anywhere, Motley Fool investors would do well to pick up WELL health stock as a long-term hold.

Shares currently trade at just $8.15 as of writing. Analysts believe there is a potential upside of up to 65% for the next year, making WELL Health stock a screaming buy. This is on top of 5,177% growth since coming on the market! As TSX stocks go, this one is a steal. Especially as it continues to acquire more and more businesses in Canada and around the globe.

Aurinia Pharmaceuticals

Finally, let's look at TSX stocks that are experiencing a pullback that should soon come to an end. Healthcare in many sectors did well, but only if those sectors were related to the pandemic. Pharmaceutical companies actually struggled because they ceased production and could not continue with research and development. But that's since changed, and **Aurinia Pharmaceuticals** (TSX:AUP)(NASDAQ:AUPH) has now become a top choice.

Shares shrunk due to poor earnings, creating a prime opportunity to jump on this stock. That's as the company launches the first FDA-approved oral therapy for lupus nephritis, LUPKYNIS.

So even though shares are down 25% during the last year, analysts give it an *average* return potential of 146% in the next year! With shares are just $15, Motley Fool investors can afford to have even a small stake in this company to see what happens.

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TICKERS GLOBAL

1. NASDAQ:AUPH (Aurinia Pharmaceuticals Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:RY (Royal Bank of Canada)
4. TSX:WELL (WELL Health Technologies Corp.)

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