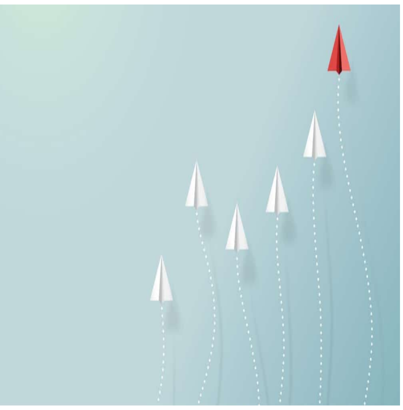

# 2 Skyrocketing Canadian Stocks That Are Dirt Cheap

## Description

It's tough to find a dirt-cheap Canadian stock that's riding high on considerable momentum with actual earnings to back it up. Indeed, these days, people seem more than willing to pay up nosebleed-level prices for anything that can punch their ticket to next-level growth. Some folks have ignored the valuation process — something that no growth investors should do — as traditional valuation metrics soared to the moon hand in hand with their share prices.



In this euphoric "Goldilocks" environment, it's even rare to find a growth stock that's fairly valued or even trading at a reasonable premium. That said, such names still exist in corners of the market where most others have neglected in favour of other unprofitable growth plays with more encouraging stories. You see, it's fine to invest in a company because you like its growth story. But it's another thing to have to pay an obscene multiple to gain entry, risking your shirt by doing so.

Yes, the hunt for value has been tough. But for those willing to pick their own stocks, I still think there are less-recognized plays at the intersection between growth and value.

In this piece, we'll have a look at two highly profitable stocks that have ridiculously low multiples. Consider consumer loans play **goeasy** (TSX:GSY) and **National Bank of Canada** (TSX:NA), two stocks that seem almost too good to be true through the eyes of value investors.

Shares of GSY and NA trade at 12.8 and 10.8 times trailing earnings, respectively. Each stock is also making new highs regularly in recent months. But why are shares so cheap, and could they continue adding to their gains on the back of continued earnings growth? Or is there a good reason why shares of each firm are as cheap as they are?

## goeasy

Looking at the fundamentals, it's hard not to love goeasy. Sure, the nature of subprime loans may be off-putting to investors, especially after the events that unfolded over 12 years ago. Still, consumer loan defaults aren't nearly as horrific as a pure-play mortgage loan.

The company offers non-prime loans through its easyfinancial arm and leasing of big-ticket items through easyhome. Both businesses have been absolutely thriving in recent years, especially the latter, which stands to indirectly benefit from any increases in homeownership among millennials who've been putting it off due to financial reasons.

Homes are expensive as is. For many Canadians, it's hard even to imagine the added expense of having to furnish a home, especially a large one. Well, for those who are strapped financially, goeasy makes it oh, so easy.

Moving forward, I expect more of the same from the non-prime lender. At some point down the line, I wouldn't rule out multiple expansion, as the firm lives up to its reputation as a winner that keeps on winning.

## National Bank of Canada

National Bank is the number-six bank in the Canadian Big Six banking basket. As the smallest bank on the basket, it doesn't get nearly as much respect or media coverage as its bigger brothers. Heck, some folks may be inclined to exclude National Bank from its brothers by referring to the broader Canadian banks as being the Big Five.



The number-six bank isn't just the smallest of the Big Six anymore. I think it's an incredibly well-run bank that can outpace some of its larger peers over the next several years. The bank's provisions are plunging, and as the most Canadian-focused bank, investors looking to capitalize on domestic economic strength should seriously consider loading up on the name, as its earnings continue to propel shares to much higher highs.

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