2 TSX Bargains You Can Buy Today!

Description

TSX bargains are always hiding somewhere, even in a seemingly expensive market that has made investors slightly more bearish. Undoubtedly, stock pickers have the advantage of being able to scoop up such bargains and improve their odds of beating the market indices, as momentum names driving up the broader indices look to finally exhaust.

Right now, all eyes are on rates, which have settled down in the low 1% range. As the great reopening moves forward, things could change in a hurry, and high-multiple growth stocks could stand to get punished once again. The latest round of earnings for big tech was absolutely stellar. Despite beats from across the board, it was tough to move the needle higher across names that were bid-up going into the big reveal.

Second half of 2021: The return of value stocks?

Indeed, recent big beats by top firms have been followed by painful selloffs. And that may continue to be the theme in the second half of the year. Such high expectations have many managers delivering muted guidance for coming quarters. As such, it'd be wiser to invest in bargains than chasing at this critical market crossroads.

Only time will tell if chasing the top growth winners will lead to superior results for the second half. Value stocks have had their brief moment in the limelight, but now they're back in the shadows of the growth darlings. Who knows how long that will last? In any case, investors would be wise to diversify across growth and value, so they're not caught skating offside in a second half that may be a stomach-churner.

TSX bargain #1: IA Financial

IA Financial (TSX:IAG) is an underrated insurance play that got a nice 4.6% pop on Thursdayfollowing some pretty stellar quarterly results. The underrated insurer clocked in second-quarter netincome of $231 million, up from the $183 million posted in the same quarter a year prior.

There was strength across the board, with ROE numbers bouncing by a very impressive 2.7% to 13.2%. Undoubtedly, IA looks like it's back after a year of navigating through harsh pandemic headwinds. Even after the impressive single-day bounce, IA stock remains outshined by its peers, many of which are growthier thanks to their Asian businesses.

While IA doesn't have a growth story that's as sexy as its peers in the Canadian lifeco space, I'd argue that the valuation and consistent operational track record are more than enough reason to prefer IA over its peers. The stock trades at 9.9 times trailing earnings and 0.5 times sales, alongside a 2.82% dividend yield.

It was a truly magnificent quarter. And it could fuel a rally to new heights by year-end.

TSX bargain #2: Cenovus Energy

Cenovus Energy (TSX:CVE)(NYSE:CVE) went from dud to darling in just a year and a half. After skyrocketing over 400% from trough to peak, Cenovus stock has stalled, as has the price of oil. I think the nearly 20% plunge in Cenovus is a great entry point for value investors who missed the initial run off those lows. Although WTI is still higher than where it was before early 2020, CVE stock is still off 10-15% from its 2018-2019 range.

With shares trading at 1.1 times sales and 0.9 times book value, I'd argue the margin of safety is still quite sizeable, given the much-improved industry backdrop and continued progress going on behind the scenes. Over the next few years, Cenovus is likely to drive down breakeven production costs. And if oil stays above US$70, it'll be very hard to keep Cenovus below $15.

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3. TSX:IAG (iA Financial Corporation Inc.)

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