



3 Value Canadian Stocks to Buy in August 2021

Description

Investors have a bigger chance of making money when they invest in [undervalued stocks](#) that pay safe dividends. By buying stocks when they're trading below their intrinsic values, you better secure price appreciation potential. Additionally, you'll also get a higher yield on your investment.

With the above mindset, here are three value Canadian stocks that could be good buys this month at least for a starter position.

Value stock Manulife

After correcting from the \$27-per-share level, **Manulife** ([TSX:MFC](#))([NYSE:MFC](#)) stock is finally showing signs of life, as it appreciated to the \$25 range after bottoming at about \$24.

Manulife's results in the first half of the year (H1) were pretty solid with core earnings growing 28% year over year to \$3.3 billion, which also translated to a jump of 28% on a per-share basis.

Additionally, it saw a rebound in returns on equity from 7.9% in H1 2020 to 14.3% in H1 2021, signifying the normalization of the business from last year's pandemic disruptions.

The global life and health insurance company gained new business value across the geographies it operates in, including Asia, Canada, and the United States.

Currently, at \$25.60 per share at writing, Manulife stock pays a nice yield of close to 4.4% on a payout ratio of about 34%. That's a low payout ratio. So, investors can expect a growing dividend over time. The value stock trades at only about 8.6 times its normalized earnings, which should provide above-average price appreciation for long-term investment.

TMX Group

TMX Group (TSX:TMX) is also a good value given its quality and long-term growth potential. The

company has been growing at a double-digit rate in recent years, as it acquired complementing businesses and expanded its products and services.

TMX owns the **Toronto Stock Exchange** (TSX) and **TSX Venture Exchange**. Therefore, it makes money from initial public offerings and subsequent equity offerings. It follows that TMX is also responsible for equities and fixed-income trading and clearing, and takes care of the record keeping to determine who is entitled to dividend or interest payments.

Furthermore, the company owns TSX Trust, the biggest Canadian-owned transfer agent and provider of corporate trust services. Additionally, it provides real time equity and derivative market data, and historical market data for investors' analytical purposes.

In May, the TMX just increased its dividend by 10%. Currently, it offers a solid 2.2% yield.

Parex Resources is also undervalued

For the longest time, many investors have ignored **Parex Resources** ([TSX:PXT](#)) because it didn't pay a dividend before. However, Parex has been one of the best oil and gas producers on the TSX to invest in. Because it produces oil in Colombia, it enjoys premium Brent oil prices.

Its operating funds flow per share more than doubled to \$1.99 in H1 2021 versus H1 2020 thanks partly to the rebound from the pandemic.

Despite being very well managed, the value stock is still subject to the ups and downs of energy prices. Therefore, investors would be smart to aim to buy low and sell high.

The energy stock appears to be severely undervalued trading at a little over five times cash flow. It's a good time to start a position in Parex Resources and to potentially add more should it dip further.

The company is a frequent buyer of its own stock, allowing long-term shareholders to grow their stakes in the business without having to buy more shares.

What's more to like is that Parex finally decided to start paying a dividend. At the recent quotation of \$19 and change per share, it's good for a yield of 2.6%.

CATEGORY

1. Investing
2. Stocks for Beginners

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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)
3. TSX:PXT (PAREX RESOURCES INC)

4. TSX:X (TMX Group)

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