



## Top TSX Stocks Already on Sale

### Description

I'm sick of hearing that just because the **TSX Index** or **S&P 500 Composite Index** hasn't fallen by 5-10% in a while that it's overdue for a violent correction, pullback, or crash. We've heard such calls flowing in at an accelerating rate. And while some calls will be right on the money, I'd argue that most of them are likely going to have the timing off. Perhaps way off. September tends to be one of the weakest years for common stocks. And that makes a correction call that much more credible.

Combine that with excessive [valuations](#) and a high appetite for speculation (look no further than the cryptocurrency market!), and it becomes more apparent that this market may be more fragile than it is. But at the same time, there's rampant inflation, with bonds that haven't been this unattractive in decades. Even if stocks are [pricey](#) versus their historical valuation metrics, one always has to consider the alternatives. Right now, it's either stocks, a great place to shelter from higher levels of inflation, cash, bonds, or alternatives (and sometimes unproven) assets like Bitcoin, Dogecoin, Ethereum, gold, real estate, and all the sort.

Across the board, the risk/reward ratio isn't great. But the case for holding cash and bonds, I believe, is worse. Like it or not, stocks are still a great place to be these days, even if you stand to pay fair value or a slight premium. If you're able to navigate past severely overvalued momentum stocks and focus on the names that offer a great risk-adjusted return, I think you can fair very well in this market.

### Value in a pricey market

There are a lot of stocks that are ridiculously expensive in this market. But is everything expensive? Definitely not. There are glimmers of value, just as there are bubbly areas of the market. As a stock picker, you can take advantage of one group while taking a raincheck on the other. So, instead of waiting for a correction that market strategists are so confident will happen sooner rather than later, consider buying on-sale TSX stocks that have already fallen off a cliff.

Right now, **Sun Life Financial** ([TSX:SLF](#))([NYSE:SLF](#)), a name that is not only cheap versus the market, but it's also cheap versus their own historical average multiples. Moreover, it's also arguably in

great shape to profit from the Roaring 20s. So, don't dismiss this market for a lack of bargains. There are many, even as the TSX continues surging.

## Brighter opportunities with Sun Life

Sun Life stock has been nothing short of turbulent as of late. The stock crashed over 45% during the 2020 sell-off but has made strides to recover the losses. A few weeks ago, Sun Life ran into a ceiling of resistance at around \$66 and change. Shares slipped modestly such that the stock is now down 3% from its high. As modest as the dip is, I think investors should be all over the insurer, even as Canada's gross domestic product contracts modestly.

The longer-term prospects look far brighter, both at home and in the Asian market, and could be a major source of growth for Sun Life. At 11.4 times trailing earnings, Sun Life stock is a deep value play in a frothy market. So, don't tell me this market doesn't offer buying opportunities when you have names like Sun Life, which are still dragging their feet.

The 3.4% dividend yield is worth picking up and will reward those who remain patient with the name as we inch closer to a higher-rate environment. For now, COVID-19 could push the prospect of higher rates out by many quarters or even years. Regardless, SLF stock remains a top non-bank financial for those seeking deep value.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:SLF (Sun Life Financial Inc.)

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