2 TSX Bargains to Grab This September!

Description

Relative to the **S&P 500 Composite Index**, the **TSX** is pretty heavy on bargains. And many don't require the use of a screener to track them down. Sometimes, the best deals out there are hiding in plain sight. In this piece, we'll have a closer look at three names that look mispriced to the downside, making them worthy pick-ups for any investors seeking value in a market that far too many people are quick to dismiss as overvalued, bubbly, or anything of the sort.

While there are value traps out there, which are expected to suffer an earnings growth slowdown in what could be a harsher environment ahead, I think that many perceived value traps are anything but—especially the names in the unloved financial and energy sectors. For Canadian investors, the TSX Index is very heavy in companies within such sectors. So, value investors are in luck.

Consider **TC Energy** (TSX:TRP)(NYSE:TRP) and **Manulife Financial** (TSX:MFC)(NYSE:MFC). Three stocks that are close to the cheapest they've been since the depths of early last year.

TC Energy stock

TC Energy is a pipeline juggernaut that's seen its rally stall out in recent weeks. As shares of the energy firm continue to lag, the yield could very well test the 6% mark once again. And should it, I think the stock is an absolute bargain for dividend investors looking for a sustainable source of quarterly income. After going virtually nowhere for the past five years, TC Energy stock could profoundly reward those who stand by it for another year or two.

Shares have consolidated in the low-$60 range for far too long. As industry conditions improve post-pandemic, it'll be tough to keep the pipeline darling down at these depths. With a 0.76 beta and a depressed 2.1 times book value multiple, TRP stock is a great place to invest if you fear the return of volatility.

Sure, TC is an energy stock, and energy isn't the sexiest place to be in these days. But there's no denying the value to be had in shares here.

Manulife Financial stock

Manulife is another cheap dividend stock that I think is being underestimated by investors. The stock trades at 6.7 times trailing earnings, 0.9 times sales, and 1.0 times book value. That's three single-digit multiples, and although they would be red flags for a value trap, I wouldn't group Manulife, a blue-chip darling, in such a category. While earnings are expected to stall moving forward, I think expectations are so low that Manulife could be in for an incredible beat at some point down the road.

For now, COVID-19 headwinds will weigh on the results. But once the rate hikes kick in and the Asian market bounces back, shares of Manulife could look to make a big run for all-time highs.

Until then, there's a high-quality 4.6% dividend yield to collect. Unlike TC, Manulife boasts an above-average beta of 1.26 at the time of writing. So, *do* mind the volatility as we head into the fall season.

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2. NYSE:TRP (Tc Energy)
3. TSX:MFC (Manulife Financial Corporation)
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Date
2025/08/21
Date Created
2021/09/10
Author
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