



## 3 Top TSX Value Stocks Trading at Ridiculous Levels Today

### Description

[Value investing](#) has been proven to be a great way to build long-term wealth. Of course, finding companies trading well below their intrinsic value is getting harder today. Valuations have soared, as have investor expectations around future earnings.

However, there are some great low-risk, high-reward options out there. Among the best such stocks in Canada right now are **Manulife** ([TSX:MFC](#))([NYSE:MFC](#)), **Alimentation Couche-Tard** (TSX:ATD.B), and **Restaurant Brands** ([TSX:QSR](#))([NYSE:QSR](#)).

Here's why.

### Top value stocks: Manulife

Manulife is certainly one of the cheapest stocks among its peer group. Indeed, insurance stocks such as Manulife trade at a discount to big banks. To some extent, this makes sense. However, the valuation gap between Manulife and its large-cap banking peers is too wide to ignore right now.

Currently, Manulife stock trades at around [6.8 times earnings](#). Compared to nearly any other sector or industry, this valuation would be outrageous. However, the market has deemed that Manulife's risk is much higher than its reward right now.

I disagree. I think this is a stock that's too cheap to ignore. And with a dividend yield of 4.6%, investors have a wider margin of safety than they otherwise would with a stock paying no dividend.

### Alimentation Couche-Tard

Couche-Tard's status as a top convenience store chain in North America has been a hinderance of late. The pandemic, and now the Delta variant, have really hampered this company's near-term outlook. Accordingly, Couche-Tard continues to trade at a multiple that I don't think makes sense.

Why?

Well, Couche-Tard's growth prospects over the next five years are notable. The company expects to double its bottom line over the next five years. That's impressive and is a factor that doesn't appear to be baked into Couche-Tard's valuation right now.

I think Couche-Tard remains a great pick for consolidation in this fragmented sector. Those banking on growth at a reasonable price can't go wrong owing Couche-Tard stock at these prices.

## Restaurant Brands

Perhaps one of the best fast-food plays in the market right now is Restaurant Brands. This company's banners include the likes of Burger King, Tim Hortons, and Popeyes Louisiana Kitchen. And just like Couche-Tard, Restaurant Brands has shown impressive growth over the long term.

However, like Couche-Tard, Restaurant Brands's valuation has been hit by the pandemic. Restaurant closures have hurt the company's bottom line. Additionally, the pandemic has slowed down the company's expansion plans into emerging markets in Asia.

That said, over the longer term, the outlook remains bright for Restaurant Brands stock. This is a company with proven business model providing long-term investors with excellent returns. Nothing has changed with this value stock except its valuation, which is much more attractive today.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:QSR (Restaurant Brands International Inc.)
3. TSX:ATD (Alimentation Couche-Tard Inc.)
4. TSX:MFC (Manulife Financial Corporation)
5. TSX:QSR (Restaurant Brands International Inc.)

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