



2 Undervalued TSX 60 Stocks to Consider Today!

Description

An undervalued stock can be defined as one that generates consistent profits and has solid growth drivers but is trading at a cheap multiple compared to peers, making it an ideal buy for investors looking to beat the market. These stocks should be on the radar of investors who are patient but willing to bet for the stock to gain pace over time.

Investors should also realize that a stock is cheap for a reason. But if the impact or the headwind is temporary, you can consider buying a quality stock at a lower multiple. While it's difficult to find hidden gems in an overvalued market we look at two undervalued Canadian stocks in **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) and **Manulife** ([TSX:MFC](#))([NYSE:MFC](#)) right now.

Barrick Gold stock has underperformed the market in the last year

Shares of Barrick Gold have fallen 36% in the past year and are trading 40% below their 52-week highs. However, the pullback allows investors an opportunity to buy the dip. Gold has always been viewed as a popular asset class, as it's a store of value. It means the yellow metal can be used as a substitute for fiat currencies.

While paper money can easily be printed, there is only a finite amount of gold that can be mined, which suggests gold prices should keep moving higher over time. When gold prices increase, mining companies are well poised to increase their bottom line.

Barrick Gold is a mining heavyweight and one of Canada's largest companies trading at [a market cap](#) of \$41.83 billion. Its reserves are located across the Americas, Africa, and the Middle East. In 2020, Barrick Gold delivered 4.8 million ounces, allowing it to generate \$12.6 billion in total sales. Its management expects gold deliveries to remain solid and average 4.5 million ounces going forward, bringing \$12.25 billion in revenue this year.

Barrick Gold has a strong balance sheet and ended Q2 with \$5 billion in cash. It also generated \$3.4

billion in free cash flows last year which was an annual record. Analysts tracking Barrick Gold stock have a 12-month average price target of \$29, which is 50% higher than its current trading price.

Manulife Financial is down 12% from record highs

One of the most well-known companies in Canada, Manulife Financial, is valued at a market cap of \$46.6 billion. The stock has almost tripled in the last decade, providing TSX investors with market-beating gains. But MFC stock is also down 12% from all-time highs.

Manulife stock is forecast to increase its earnings per share at an annual rate of 14.8% in the next five years. Given its forward price-to-2021-sales multiple of just 7.3, we can see the stock is grossly undervalued, especially if we account for a tasty forward yield of 4.73%.

In the [second quarter of 2021](#), the company's core earnings rose by 18% year over year to \$1.7 billion, while adjusted EBITDA margin rose by 440 basis points as Manulife continued to focus on high-margin businesses.

Analysts tracking the stock expect Manulife to gain over 22% in the next year. After accounting for its dividend yield, total returns will be closer to 27%.

CATEGORY

1. Dividend Stocks
2. Investing

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2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:ABX (Barrick Mining)
4. TSX:MFC (Manulife Financial Corporation)

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Author

araghunath

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