3 Cheap Stocks Under $50 I'm Holding in a Death Grip

Description

There are a lot of companies on the **TSX** today that you can consider cheap by share price alone. But *true* cheap stocks are really just value stocks. These stocks are valuable because they're below fair value on the market. That's based on a variety of factors, from a cheap share price to fundamentals and future growth. So today I'm going to look at three cheap stocks that fall within this category. Each has a share price under $50, has been on the growth path, and yet remains valuable considering fundamentals and future growth. So let's get right to it.

Pembina pipeline

Energy companies have been on the rise during the last year. This comes from an increase in production as the pandemic restrictions lessen, and also a return to work. But one company that remains less likely to see the fluctuations of the oil and gas prices today is **Pembina Pipeline** (TSX:PPL)(NYSE:PBA). The pipeline company has long-term contracts that support a majority of its income, which means it could keep its dividend yield of 6.33% steady during the production downturn.

But further, Pembina stock has seen positive momentum during the last quarter. It updated its 2021 adjusted EBITDA guidance to between $3.3 and $3.4 billion, increasing the low end. It also stated volumes are set to rise, even while creating partnerships to help transition towards clean energy and carbon transportation. Plus, it created a partnership with the Western Indigenous Pipeline Group to allow for ownership of the Trans Mountain Pipeline. That makes it one of the solid cheap stocks to invest in as it looks for new methods of growth.

Yet shares are the company are at $40.50 as of writing, and at a valuable EV/EBITDA of 15.5, and a price-to-book ratio of 1.9. On top of that, shares are up 41% in 2021 alone, with stable growth around 5% expected by analysts in the near future. All this while you collect a 6.33% dividend yield monthly! So this is definitely one of the cheap stocks that can set you up nicely for the future.

Teck Resources

Another area seeing an increase in production is the mining industry. This includes **Teck Resources** (TSX:TECK.B)(NYSE:TECK), which acquires, develops, and produces minerals around the world. The company believes the worst is behind them when it comes to the waves from the COVID pandemic. So it can now start increasing its production guidance. During the latest quarter, Teck reported adjusted EBITDA of $989 million, a 104% increase from the same time last year! Meanwhile, it saw a whopping 281% increase in adjusted profit and had $6.1 billion in liquidity at the end of July.

Yet it remains one of the cheap stocks to buy under $50, trading at just $31.64 as of writing. It offers an EV/EBITDA of 8.7, and P/B ratio of 0.8! Sales are set to explode this year by 303%, according to analysts, with another 15% of share growth expected by analysts for the next year. Shares are already up 35% in 2021 alone, so this is a solid company to buy and hold during the pandemic recovery and beyond.

Manulife

Finally, the finance industry is also getting back on track after the pandemic, finding more opportunities to expand. This includes **Manulife Financial** (TSX:MFC)(NYSE:MFC), which has seen shares grow by 13% in 2021 alone. The company has been seeking out opportunities in Asian markets, producing strong momentum during the second quarter. Net income rose to $2.6 billion, an increase of 37% year over year, with core earnings up 18% to $1.7 billion. But I also like Manulife stock because of its aim to go digital. It aims to become the "…most digital, customer-centric, global company in our industry…making it easier for customers to do business with us in the current environment." So if the word shuts down again, it can continue to serve its customers and take in revenue.

Shares trade at just $24.80 as of writing, with a solid 4.58% dividend yield to boot. Yet those shares are quite valuable with a price-to-earnings (P/E) ratio of 6.8, an EV/EBITDA of 5.6, and a P/B ratio of 1! Sales are expected to increase at a solid clip over the next few years, with another 20% growth in share price this year. So this is one of the strongest cheap stocks on the TSX today I would consider for your portfolio.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. NYSE:TECK (Teck Resources Limited)
4. TSX:MFC (Manulife Financial Corporation)
5. TSX:PPL (Pembina Pipeline Corporation)
6. TSX:TECK.B (Teck Resources Limited)

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