3 Cheap TSX Stocks I'd Buy in October 2021

Description

October 2021 is just a few trading sessions away. Whether it'll be less rocky than September, though, remains to be seen. In any case, investors should look to nibble away at the bargains that exist this early autumn. Because like it or not, there's a chance they won't be around in a few months from now, as considerable amounts of liquidity are put to work on any dips, no matter how modest.

In this piece, we'll have a closer look at three cheap TSX stocks that may be worth reaching for if you seek a deep-value bargain.

Manulife Financial

Manulife Financial (TSX:MFC)(NYSE:MFC) is a life insurer that's been beaten down brutally in recent weeks. Despite clocking in robust results, shares of the name have run out of steam in a big way, now off over 10% from its March 2021 highs. Manulife's business is still faring well in this COVID-plagued environment. With a 6.7 times trailing earnings multiple, investors just don't seem to think Manulife can keep raising the bar on its earnings.

There's no doubt that the comparables get harder from here. But I think it's a mistake to discount the company's ability to continue clocking in better-than-expected results. Moreover, the long-term tailwind in the Asian market is still very much at play. Once COVID ends, Manulife stock could be unstoppable. But for now, there's a 4.6% yield to collect, as shares drag their feet into year-end.

While Manulife's road ahead could be bumpier, the stock looks to be priced with a nice margin of safety such that the stock is likely to hold its own far better than some expect.

TD Bank

Sticking with the theme of undervalued financials, we have **TD Bank** (TSX:TD)(NYSE:TD), which is also trading on the lower end of its historical valuation range at 9.8 times trailing earnings. Undoubtedly, people have dismissed this market as being expensive. But when you see wonderful banks trading at single-digit P/E multiples, I think it's hard to make the argument that this market lacks value. Sure, there are bubbles floating around in areas such as crypto. But if you pick away at deep-value names like TD stock, I think you'll be fine once such "isolated" bubbles correct by bursting.

TD stock boasts an average 3.8% yield. Still, TD is poised to deliver rich payout hikes again once they get the green light in 2022. TD may be underperforming its peers over the past year, but don't expect it to last.

Badger Infrastructure Solutions

Badger Infrastructure Solutions (TSX:BDGI) is a mid-cap soil excavation play that's fallen into a hole of its own making. Margins haven't met the expectations of investors or analysts on the Street. But the macro backdrop, with uptrending infrastructure spending, still puts the wind to Badger's back. Once management can improve upon its company-specific shortcomings, I think shares of BDGI will be back on the uptrend.

Today, the stock is off 26% from its high. It'll be a tough climb over the next 18 months, but if there's a company that's going to pull it off, it's Badger. The 1.8% yield, I believe, is just a bonus for investors looking to play a cyclical upswing in a highly underrated mid-cap.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
4. TSX:MFC (Manulife Financial Corporation)
5. TSX:TD (The Toronto-Dominion Bank)

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