
# TFSA Investors: 3 Promising Undervalued Stocks to Buy Before October

## Description

Undervalued stocks are more than just good bargains and deals. If you look at the big picture, the right undervalued stocks help you *balance* some of your overvalued buys. The keyword here is the *right* undervalued stock. In any given market condition, there are always some undervalued stocks, but relatively few of them might be right for you.

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Even now, there are plenty of undervalued stocks trading on the TSX, but only a few of them should be on your radar.

Three of those few stocks are **NuVista Energy** (TSX:NVA), **Cymbria** (TSX:CYB), and **Mainstreet Equity** (TSX:MEQ).

## An energy stock

The energy sector saw one of the most powerful recoveries of all. Going from negative territory to its 2018 highs was quite a leap for WTI, and it pulled the energy sector along with it. It was great news for a relatively lightweight NuVista, which grew almost 578% in the last 12 months alone. The market cap has crossed the billion-dollar threshold, and it's now $1.04 billion.

And what's even more surprising is the valuation. The company is currently trading at a price-to-earnings multiple of just 1.6 and a price-to-book multiple of just 0.9 times. At this value, the company is a fantastic bargain, but there is a catch. The stock rose by riding the *sector's* momentum, and if the sector dips, the amazing value and so much room for growth (to reach a fair valuation) *might* not matter. That's something to keep in mind before buying NuVista.

## An investment firm

Cymbria is an investment firm, and investing in it might be akin to investing in a broad spectrum of securities at once. It's a good way to gain passive exposure to the market but make sure you understand Cymbria's investment values and the assets/businesses and funds the company invests in.

The stock reached its peak in July and has already started to come down from its peak. The downward slope has just hit double digits (almost 11%), and it's already quite attractively valued. Keep an eye on the stock. The further it slips, the more attractively valued it's likely to become. Based on its performance in the past decade, the long-term growth prospects of the stock are quite attractive.

If you can buy the stock when it's even more attractively valued than it is now and keep it in your portfolio for long enough, the stock is highly likely to make you rich through exposure to the broad market.

## A real estate stock

Real estate is an attractive asset class now, and though more people look into the real estate sector to start a passive-income source (rental or dividends through generous REIT yields), that's not the reason to consider Mainstreet Equity. Apart from its very attractive, undervalued price tag, the primary reason to consider investing in Mainstreet Equity is the growth potential it offers.

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The company has returned almost 246% to its investors in the last five years, but its growth has been consistently high for longer than that, as evident from its 10-year CAGR of 20.2%. The company doesn't pay any dividends, but if it can sustain its growth for even a couple more decades, the stock has powerful potential to expedite the growth of your portfolio.

## Foolish takeaway

All three undervalued stocks are worth considering right now, but, based on where the stock is heading, you might want to wait for a pattern to emerge before putting them in your TFSA portfolio. If the stocks are slipping down, wait for them to hit rock bottom. If they are moving up and you believe they will continue upward for a while, buy them as soon as possible.

**CATEGORY**

1. Energy Stocks
2. Investing

**TICKERS GLOBAL**

1. TSX:CYB (Cymbria Corporation)
2. TSX:NVA (NuVista Energy Ltd.)

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adamothman

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