



3 Top TSX Stocks for October

Description

The equity markets are expected to remain choppy given rising inflation rates, slower-than-expected economic recovery, and the possibility of higher bond yields. Several analysts are also watching the impact of **Evergrande's** financial crisis on the world economy. Given the uncertainties surrounding global markets, it makes sense to place your bets on fundamentally strong companies trading at attractive valuations.

We'll look at three [top undervalued TSX stocks](#) that you can buy right now.

AltaGas

A stock that has gained over 55% in market value in the last 12 months, **AltaGas** ([TSX:ALA](#)) has significant upside potential, given its current valuation. AltaGas is a diversified energy infrastructure company that has two primary business segments. Its utilities business owns and operates regulated natural gas distribution utilities as well as two regulated natural gas storage facilities. It also provides interstate natural gas transportation and storage services to homes and businesses. The midstream business is engaged in the natural gas gathering and processing and natural gas liquids extraction, transmission, and storage.

AltaGas has increased its revenue from \$2.61 billion in 2018 to \$5.58 billion in 2020. In the last 12-month period, sales grew to \$7.75 billion and are forecast to touch \$7.43 billion this year. Comparatively, its earnings per share grew at an annual rate of 19.3% in the last five years.

AltaGas stock is currently trading at a forward price-to-sales multiple of less than one and price-to-earnings multiple of 13.9. Analysts expect the stock to rise by 18% in the next 12 months. After accounting for its dividend yield of 4%, annual returns will be closer to 22%.

Toronto-Dominion Bank

One of the largest companies in Canada, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) has

generated close to 80% for investors in dividend-adjusted returns in the last five years. It currently offers a forward yield of 3.73% to investors, making it attractive for those seeking income as well as capital appreciation over the long term.

An improved economy allowed TD to [report an after-tax net income](#) of \$3.6 billion and adjusted earnings of \$1.96 in the fiscal second quarter ended in July. The company explained robust revenue growth in its personal and commercial banking businesses as well as rising customer activity positively impacted volumes and fee income. Due to lower provisions for credit losses, margins pressure eased as well.

TD stock is forecast to increase its adjusted earnings at an annual rate of 17.6% annually in the next five years. Bay Street expects TD shares to rise by 12% in the next year. After accounting for dividends, annual returns will be closer to 16%.

Great-West Lifeco

The final stock on my list is **Great-West Lifeco** ([TSX:GWO](#)), a company that also offers investors a forward yield of 4.6%. This financial services holding company has [increased its revenue](#) from \$47 billion in 2018 to \$60.59 billion in 2020. Analysts now expect sales to grow to \$64 billion in 2021 and \$67 billion in 2022.

This will allow Great-West Lifeco to increase its earnings at an annual rate of 9% in the next five years. The stock is trading at an attractive price-to-forward-sales multiple of 0.60 and a price-to-forward-earnings multiple of 11.4.

CATEGORY

1. Bank Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:TD (The Toronto-Dominion Bank)
2. TSX:ALA (AltaGas Ltd.)
3. TSX:GWO (Great-West Lifeco Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise

7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. araghunath
2. kduncombe

Category

1. Bank Stocks
2. Investing

Tags

1. Editor's Choice

Date

2025/09/06

Date Created

2021/09/30

Author

araghunath

default watermark

default watermark