Friday’s TSX Top Picks: 3 Stocks to Buy While They’re Still Cheap

Description

For this TSX top pick Friday and the first day of October, we’ll check out three Canadian stocks that are looking really cheap. Whether or not markets continue their slide remains to be seen. Regardless, Canadian investors keen on a bargain should look to nibble at the names that have already sold off rather than looking to lower the bar, hoping that prices will drop even further, as this broader market selloff continues through the fourth quarter of 2021.

The bargains and mildly undervalued TSX stocks may not sag along with broader markets from here. So, it’s best to punch your ticket into a name while it’s still cheap.

Without further ado, consider **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS), **Kinaxis** (TSX:KXS), and **Agnico Eagle Mines** (TSX:AEM)(NYSE:AEM) — three very different flavours of value.

Bank of Nova Scotia

Bank of Nova Scotia is a value stock that most investors would agree is pretty cheap. It’s a Dividend Aristocrat that we all know and love. The big Canadian bank provides the most international exposure of the Big Six, and right now, shares are slipping, now down around 5% from their all-time high hit earlier this summer. At the time of writing, shares of BNS boast a 4.6% dividend yield, with a valuation that’s on the lower end. Shares trade at just 10.8 times trailing earnings, which is a pretty low price to pay for the calibre of steady earnings growth you’ll get.

Moreover, the road ahead looks far smoother than the one behind, with rates that could go on the ascent within the next 18 months. As Delta peaks and COVID is conquered, shares of the bank could make a run for the $100 mark at some point next year. Even if the right cards don’t fall into place, Bank of Nova Scotia has already proven resilient in the face of dire circumstances, making the name a great buy for traditional value investors who are cautiously optimistic.

Kinaxis

Kinaxis isn't a typical value stock. It's a fast-growing cloud software play that trades at just north of 17 times sales (that's sales, not earnings). The company is barely profitable, but it's hard to ignore its growth trajectory. While shares are pricey, I think they're undervalued and certainly more affordable than most other cloud stocks out there.

For those unfamiliar with the company, it's a developer of supply-chain management and operation planning software services. As you may know, supply chains around the world are continuing to battle COVID disruptions. As such, Kinaxis looks to have a tailwind that very well may persist into the first half of 2022. Now down over 11% from its September 2021 peak and 15% from all-time highs, now is as good at time as any to get into the growth name as the tech trade sours.

Agnico Eagle Mines

Agnico Eagle Mines is a high-quality gold miner that recently struck gold with its fairly reasonably priced acquisition of **Kirkland Lake Gold**. Don't believe me? Check out the reaction in KL stock, which was choppy following the merger announcement. Typically, shares of acquired firms move the needle much higher following such news.

Shareholders in KL may believe Agnico's offer undervalues the company. I think they're right on the money. The approximately $13 billion price tag is way too cheap. But good on Agnico for taking advantage of the recent slide in gold prices. As gold makes a move for US$2,000, there's no telling how much AEM could fly after what could be the most prominent "steals" of the quarter. If you're looking for a gold play at a low price, AEM stock is tough to pass up after its brilliant proposed merger with one of the better operators in the space.

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2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:AEM (Agnico Eagle Mines Limited)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:KXS (Kinaxis Inc.)

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