2 Cheap TSX Stocks to Buy Now and Own for Decades

Description

The market continues to soar, but investors can still find some top TSX stocks that trade at cheap prices for a buy-and-hold portfolio.

Suncor

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Suncor (TSX:SU)(NYSE:SU) trades near $28 per share at the time of writing. That's up 20% in the past month but still down from the 2021 high of $31 and significantly lower than the $44 the stock traded at before the pandemic.

Interestingly, several of Suncor's oil sands peers have already fully recovered all of their pandemic losses, and a few even trade at new multi-year highs.

Suncor lost a lot of fans when it slashed the dividend by 55% at the beginning of the pandemic in an effort to preserve cash. Investors had relied on Suncor for its reliable distributions for years, and the company had a good track record of boosting the payout annually, even through the previous crash.

To make matters worse, other oil producers raised their payouts by double digits in 2021, as commodity prices rebounded. Suncor's profitability is up this year, but the company decided to use excess cash flow to pay down debt and buy back shares.

This strategy will benefit shareholders in the long run, and a big payout increase should be on the way in 2022. Investors who buy the stock today can still pick up a decent 3% dividend yield.

Oil demand is rising, as the global economy recovers from the pandemic. Airlines are ramping up capacity, and commuters will soon hit the highways in large numbers as offices reopen. In fact, gasoline demand could outpace forecasts if people who historically used public transport decide to drive.

Manulife

Manulife (TSX:MFC)(NYSE:MFC) is a Canadian insurance, wealth management, and asset management company with a market capitalization of $47 billion.

The firm's insurance business in the United States operates as Manulife, and the wealth management business is handled through its John Hancock subsidiary.

Manulife also has a large presence in Asia. The region could drive the bulk of future revenue and profit growth, given the population numbers, and the opportunities that arise as the middle class expands.

Manulife's dividend took a 50% haircut during the financial crisis, but the company rebounded in recent years and the payout is now back above the level it was before the Great Recession. Management has taken steps to remove risks connected to falling equity markets, so a repeat of the distribution cut is unlikely in the next crash. Manulife is generating strong profits now, and the dividend should continue to grow.

The stock trades near $24.50 at the time of writing compared to the 2021 high above $27.50, so there is an opportunity right now to buy Manulife on a dip. Investors can currently pick up a 4.5% annualized dividend yield.

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This is a good stock to buy if you want a financial pick for the portfolio that doesn't have the same housing exposure as the Canadian banks.

The bottom line on cheap TSX stocks

Suncor and Manulife are leaders in their respective industries and should deliver solid returns in 2022 and beyond. The stocks appear attractive at current prices and offer decent dividends that should grow next year. If you have some cash to put to work, these companies deserve to be on your radar.

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1. Investing

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3. TSX:MFC (Manulife Financial Corporation)
4. TSX:SU (Suncor Energy Inc.)

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