3 Stocks That Are an Absurdly Good Deal Right Now

Description

The **TSX** is slowly sliding down. The descent is more akin to a “running out of momentum” phase instead of a sharp downward movement associated with market crashes and corrections. Still, if the market is going down a long way, you will have your fill of great deals. Many amazing stocks might become quite attractively valued, and you might be able to bag some usually overvalued stocks at a bargain price.

But that’s not something that can be successfully predicted right now, and only time will tell whether the TSX is actually going down or is simply fluctuating. If it’s the latter, you shouldn’t wait around for good deals that *might* come with a market crash and look into the amazing deals available right now.

An undervalued high-yield REIT

REITs are usually very generous with their payouts, but few REITs are as generous as **Slate Grocery REIT** (TSX:SGR.U) when it comes to the dividend yield. The company recently completed a deal for US$390 million, which gave them a portfolio of 25 properties in major metro markets in the United States. The REIT is already entirely U.S.-focused, and it expanded its portfolio quite aggressively.

The current portfolio adds up nicely to the REIT’s extensive U.S. portfolio of 106 properties in 26 states. Almost all the properties are grocery-anchored (98%), which shields the REIT from bad market conditions.

The REIT is currently offering a mouthwatering 8.3% yield and is trading at a price-to-earnings of 4.4 and a price-to-book of 0.8 times.

An undervalued timber company

Quesnel-based **West Fraser Timber** (TSX:WFG) is Canada’s largest forestry company and one of the largest (if not *the* largest) of its kind in North America. It has an extensive and diverse portfolio, both geographically and product-wise. It also has a small presence in Europe (four locations). The strength of its product line is that it covers the full range when it comes to construction.

This forestry giant is an absurd bargain right now, mostly because of its price-to-earnings which is 2.8 right now, thanks mostly to the stellar second-quarter earnings. And it has remained at these low levels despite the fact that the stock price is still climbing and has grown almost 330% since the crash. The next quarter's results will most likely bring about a correction since the timber prices have already normalized.

So even though the company is an absurdly good deal right now (based on the number), it might be a good idea to wait till the next quarter results before buying.

An iron ore royalty company

Labrador Iron Ore Royalty (TSX:LIF) is currently trading at a price-to-earnings of 6.8 and a price-to-book of 3.8 times. And it's an amazing deal right now, primarily because of its dividend yield, which is currently quite abnormally high. The yield is 19% at the time of writing this, and unless the company slashes its payouts, the company will pay you back the capital you invest in it via dividends in about one and a half years.

The payout ratio is about 93.3% right now, which is quite high but still not in the dangerous 100% plus territory. The company has equity and royalty interest in the Iron Ore Company of Canada and offers investors exposure to this profitable business. The stock also offers a bit of cyclical capital growth potential, so it might be a good idea to buy the company when it hits rock bottom.

Foolish takeaway

Two of the three absurdly good deals offer you generous dividends, and the remaining one is great because of its price. If you are interested in starting a dividend-based passive income or simply wish to use dividends to build a cash reserve, Labrador Iron Ore Royalty and Slate Grocery REIT are both great and currently slightly undervalued businesses.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. TSX:LIF (Labrador Iron Ore Royalty Corporation)
2. TSX:SGR.U (Slate Retail REIT)
3. TSX:WFG (West Fraser Timber Co. Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn

4. Newscred
5. Quote Media
6. Sharewise
7. Smart News

PP NOTIFY USER

1. adamothman
2. arosenberg

Category

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

Date
2025/08/15
Date Created
2021/10/08
Author
adamothman