3 Ultra-Cheap TSX Stocks to Buy Right Now

Description

After a slight decline in September, the **Toronto Stock Exchange** (TSX) once again slipped into gear and hit new all-time highs last week. Strength in the energy sector and a recovery in technology stocks all helped propel the TSX Index upward.

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With Canadian stocks enjoying a pretty great year in 2021, it can be difficult to find stocks that still trade at a fair or even cheap valuation. So I've compiled a list of three cheap stocks you may want to consider picking up for 2021, 2022, and far beyond.

A value-priced TSX utility stock

In direct contrast to the TSX Index, **Algonquin Power** (TSX:AQN)(NYSE:AQN) actually fell to a 52-week low last week. This TSX stock declined to $18.60 per share and ended with a market capitalization of only $11.5 billion. That is a 16% decline from its all-time highs set early this year.

Algonquin operates a high-quality portfolio of regulated utilities and renewable power operations across North America. Over the past decade, it has consistently grown earnings annually on average by over 10%.

It has grown its dividend payout annually by a similar rate every year. With a 4.65% dividend yield today, it is trading cheaper than its historic average. If you believe in the renewable energy transition, this is a great stock at a great price. For steady, defensive growth *and* income, this TSX stock looks pretty attractive now.

A cheap materials stock

Another stock that could enjoy long-term secular tailwinds is **Hardwoods Distribution** (TSX:HDI). With a price of $38 per share, this TSX stock has a market cap of only $811 million. In 2021, it has had a very good year supported by a strong recovery in the homebuilding market in North America. Its stock is up 50% year to date.

With strong population growth in Canada and the U.S., there is a massive deficit in housing. Hardwoods has been one of the largest building materials distributors in North America. For years, it has been consolidating this sector through smart acquisitions. Home renovations, commercial developments, and new home builds all should support strong long-term growth for this business.

Today, this TSX stock trades with a price-to-earnings (P/E) ratio of 11.5 times. With a strong outlook for 2022, that P/E ratio is expected to drop to 8. HDI stock pays a 1% dividend today, but earnings and valuation expansion should keep pushing this stock forward.

A top TSX real estate stock

A TSX stock benefitting from strong housing demand in the United States is **BSR REIT** (TSX:HOM.U). With a market cap of $605 million, this is perhaps not the most well-known real estate investment trust (REIT) on the TSX. However, that is why it is a great opportunity. It is amongst a few Canadian REITs that actually operates 100% in America.

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It has attractive multi-family properties in fast-growing cities like Houston, Austin, Dallas, and Oklahoma City. Strong population growth is supporting high demand for multi-family properties in these regions. This has fast elevated occupancy and rental rates. Consequently, BSR is having a banner year in 2021.

Despite rising 43% this year, this TSX stock still pays an attractive 3% dividend yield. It also trades at a discount to many American multi-family peers. For a combination of growth, value, and income, this is one of my favourite dividend stocks on the TSX today.

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