2 Top TSX Value Stocks to Buy Today

Description

At any given time, a sizeable portion of the total securities trading on both the main and the junior exchange are undervalued. But not all undervalued assets are hidden gems ready to shine in your portfolio. In fact, many are rightfully undervalued and might just be deadweights in your portfolio.

So, don't just look at the value the stock is trading at. Look at the value it might bring to your portfolio. And as for valuation, make sure you understand the difference between the value attraction triggered by an unusually successful quarter and actual organic undervaluation. It might prevent you from paying a premium for a stock that just *seems* undervalued but might actually be a bit expensive.

With that in mind, there are two value stocks on the TSX that deserve to be on every value investor's radar.

A bank

Equitable Bank (TSX:EQB) has been on a growth streak since the 2020 market crash and is still riding the post-pandemic recovery/optimism momentum. It has grown over 99% in the last 12 months, yet it's still trading at a price-to-earnings ratio of just 9.7 and a price-to-book ratio of 1.6 times.

The primary catalyst driving the growth of this small Canadian bank seems to be the bank's focus on commercial and residential loans. The real estate market, though not as red hot as it was a few months ago, is still quite strong, and a lot of activity and new buyers entering the market is good for mortgage-heavy banks like Equitable.

The bank is also making headway in the digital space. It grew its customers to about 222,000 and its term deposits by about 267%. If its organic growth is fueling its stock's growth, it might be a while before the stock calms down and might still have a lot of growth left.

An industrial REIT

WPT Industrial REIT (TSX:WIR.U) is going through a major transformation. The investors of this Toronto-based REIT have voted quite overwhelmingly in favour of the acquisition by **Blackstone REIT**. The REIT was waiting for the court approval, and it came just a few days ago. The stock has been relatively static due to these proceedings and has only moved down about 2.2% in the last 40 days.

The REIT is already U.S.-facing. It has a presence in 19 U.S. states and a portfolio made up of 111 light industrial and logistic properties. Thanks to e-commerce, this is a very attractive asset class nowadays.

So far, the stock has been a decent enough grower. It returned about 54% to its investors in the last 12 months and traded at an undervalued price. But now, the units of this stock are to be removed from S&P/TSX composite index. The cash consideration in lieu is expected to be US$22 per unit.

Foolish takeaway

Bagging decent growth stocks at discounted valuation is a step that should always be taken with great caution. There might be a reason for the stock's undervaluation, and if those reasons will prevent the stock from soaring anytime soon, then it might be a good idea to stay clear of the stock. But if you look close enough, you might find gems hidden under the weighty rubble.

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