3 Bargain TSX Stocks to Buy Cheap Now

Description

As a value investor, you should always be on the lookout for great bargains. But not every cheap bargain is worth considering. You should try to strike an optimal value-to-return balance, whether you are buying undervalued or overvalued stocks, though you might consider being a bit more flexible about securities whose potential is tied to macro market factors.

An investment management company

Onex (TSX:ONEX) is still riding the recovery momentum created by the post-pandemic optimism about the company's potential. The stock has grown 127% so far since its market crash valuation, and it's not showing any signs of losing this growth momentum. And since it's trading at a price-to-earnings of just 4.15 and price-to-book of 0.9, it can (hypothetically) grow a lot more before the value is normalized at "fair."

The stock is still trading at about a 9% discount from its all-time high valuations (in 2017), and if that's the mark the company is going for, you might still benefit from buying into it. Though if you wish to wait till the next quarter results to see how cheap the stock really is (when new earnings re-adjust the ratios), it would also be a prudent approach.

An insurance company

The largest companies in almost all industries are very rarely undervalued. But **Manulife** (TSX:MFC)(NYSE:MFC), the largest insurance provider in Canada, has been trading at a bargain price for quite a while now. The company is currently trading at a 9.5% discount from its pre-pandemic peak, with a price-to-earnings of just 7.35.

While the stock hasn't been a decent growth stock for about a decade now, if there is even a small chance that the company might reach its glory days valuation (pre-recession), buying now would be a smart move. And in addition to bagging a stock that *might* pay off amazingly in the future, you would also be locking in a generous 4.4% yield.

A growth REIT

Summit Industrial Income REIT (TSX:SMU.UN) has been on a tear since the 2020 market crash, but it was a decent growth stock even before that. The five-year compound annual growth rate (CAGR) of 38% is quite powerful, even if we disregard the fact that its post-pandemic growth has considerably skewed the numbers. And despite this powerful growth run, the yield hasn't dropped too far and currently stands at 2.4%.

The stock is currently trading at a price-to-earnings of 4.2 and a price-to-book of 1.6 times. The attractive valuation can be chalked up to its powerful revenue/income growth. The revenue has grown consistently over the last four consecutive quarters, and this growth can be tied up to the increased demand for light industrial properties due to e-commerce.

Foolish takeaway

All three stocks are currently a bargain, and it's about more than just the financial metrics. The three dividend and growth stocks have a return potential that's quite attractively proportional to the price/value the stocks are trading for right now. All three stocks might be worth adding to your portfolio, though you can pick and choose based on your dividend and growth requirements.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)
3. TSX:ONEX (Onex Corporation)
4. TSX:SMU.UN (Summit Industrial Income REIT)

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

Date
2025/08/15
Date Created
2021/11/13
Author
adamothman