3 Cheap TSX Stocks to Buy This Instant

Description

One of the side effects of sector-wide falls is that many companies from the same sector/industry become cheap at once. And even if you buy them for their value, too many cheap TSX stocks from the same sector can disturb the diversification of your portfolio.

So, if you are looking for stocks that are attractively valued now and a diversified selection, there are three that should be on your radar.

An electronics company

Celestica (TSX:CLS)(NYSE:CLS) is a Toronto-based tech company that focuses on supply chain solutions. It caters to a variety of markets, including tech segments like robotics and healthcare technologies. The company has two major business segments: CCS (Connectivity and Cloud Solutions) and ATS (Advanced Technology Solutions), and the net income dynamics of the two segments have been shifting lately, though CCS still brings most of the income.

CLS is not undervalued or even discounted per se. The stock is still trading at a 13% premium to its pre-pandemic peak. However, the price-to-earnings multiple of 14.5 times in the tech sector can almost be considered undervalued. The company that is now trading at around $13.5 per share once had a three-digit price tag (2002), and though the glory days might never come again, it can easily triple your money if it can just grow halfway to that peak.

A financial company

The Winnipeg-based **IGM Financial** (TSX:IGM) is the daughter company of **Power Corporation** and is responsible for $270 billion worth of assets under management. The company has three major business segments: wealth management, asset management, and strategic investments; each has its own brands.

Most of the net earnings in the last quarter came from wealth management (about 58%), and the rest was divided almost equally for the other two.

IGM Financial is currently trading at a price-to-earnings multiple of 11.7, making it quite fairly valued. It's also available at a 9.8% discount from its 2021 peak. Thanks to this decline, the current yield is an attractive 4.8%. However, the capital-appreciation potential of the company is not as attractive as its current valuation or the yield.

A base metal mining company

Ero Copper (TSX:ERO)(NYSE:ERO), as the name suggests, is a copper mining company with stakes in three different mining operations, all in Brazil. Two are copper mining operations, while the other is a gold project. However, the bulk of the company's revenue comes from its copper mining operations, so its value doesn't sway with other gold stocks.

Ero Copper stock has been a decent growth stock, and since its inception in late 2017, the stock has grown about 287%. And that's after the 33% decline from the 2021 peak. And in addition to this massive discount tag, the stock is also undervalued. It's currently trading at a price-to-earnings multiple of 7.1. The company has twice as much cash and investments as it has debt.

Foolish takeaway

The three modestly undervalued stocks (or fairly valued stocks) are powerful buys at the moment. Buying them now and holding on to them for long enough can help you turn in a neat profit. And in the case of IGM Financial, you can also enjoy dividend-based returns from the company.

CATEGORY

1. Investing

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1. NYSE:CLS (Celestica Inc.)
2. TSX:CLS (Celestica Inc.)
3. TSX:ERO (Ero Copper Corp.)
4. TSX:IGM (IGM Financial Inc.)

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Author
adamothman