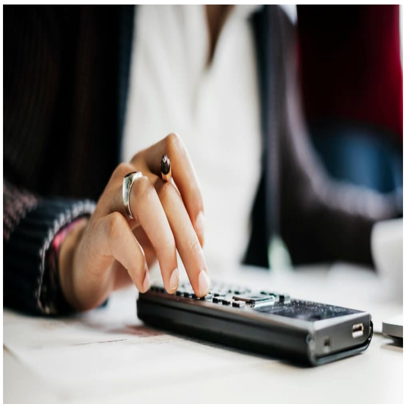

3 Undervalued TSX Stocks to Buy in February

Description

While the **TSX Index** is only down 0.61% in 2022, many stocks have fallen by 30% or more. Technology stocks and small-cap stocks have particularly taken the brunt of the selling. In many instances, high-quality businesses are being, as they say, "thrown out with the bath water."

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If you are an investor sitting with some cash, this is your lucky day. Many great stocks have gone on sale, and investors can swipe them up at bargain-bin prices. As Warren Buffett has said, "Whether we're talking about socks or stocks, I like buying quality merchandise when it is marked down."

The problem is it takes a tremendous amount of grit, patience, and fortitude to buy stocks when the market is in a downturn. If you aren't afraid, here are three undervalued TSX stocks that look really attractive now.

Brookfield Asset Management: A TSX stock every Canadian should own

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM) is one of the premier alternative asset managers in the world. However, in typical Canadian fashion, it is a name you don't often hear talked about. That is because a large part of its business is catered to major financial institutions. With interest rates so low, big money managers can't get low-risk yield from bonds, so alternative assets (like those BAM owns and manages) are ideal investment vehicles.

This company has been growing assets under management (AUM) by a 25% compounded annual rate over the past five years. Today, it manages over $650 billion of assets. Distributable earnings per share have been compounded even faster by a 32% average annual rate. Yet it only trades for 16 times its distributable earnings. This TSX stock is down 10% since the start of the year, and that presents an attractive entry point.

Algonquin Power: A solid TSX dividend stock

If you are looking for a more defensive income stock, **Algonquin Power** (TSX:AQN)(NYSE:AQN) looks undervalued. It operates a very high-quality portfolio of diversified utilities and renewable power projects. Its utility segment provides a relatively stable stream of baseline cash flows. The company has a particular expertise at transforming under-utilized, carbon-heavy utilities more efficient and greener. It can then grow its rate base and increase return on investment.

This TSX stock is down over 17% over the past year. Today, it trades with an elevated dividend yield of 4.7%. That is far higher than its five-year average of 3.6%. Likewise, it only trades with a price-to-earnings ratio of 13 times. Given Algonquin is projecting 7-9% annual earnings and dividend growth going forward, it seems like an attractive deal.

Calian Group: Growth at a reasonable price

If you are looking for a cheap stock with some solid growth ahead, **Calian Group** (TSX:CGY) is a great stock to consider. Not many people or analysts talk about this TSX stock. Yet over the past couple of years, it has quietly been growing revenues by 20% annually. EBITDA has been growing by nearly double that rate. The company operates a conglomerate of businesses in health, education, and various hardware and software technologies.

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The company has been targeting 10% organic growth. However, it has also been making some very accretive acquisitions. It recently announced the acquisition of an American IT and cybersecurity business to its platform. Today, this stock only trades for nine times EBITDA and 14 times earnings. Not to forget, this TSX stock also pays an attractive 2%. Growth, value, and income make this TSX stock a nice prospect for strong total returns ahead.

CATEGORY

1. Investing
2. Stocks for Beginners

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1. Editor's Choice

TICKERS GLOBAL

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2. NYSE:BN (Brookfield Corporation)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:BN (Brookfield)
5. TSX:CGY (Calian Group Ltd.)

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