3 Insanely Cheap TSX Stocks to Buy

Description

When it comes to discounted and cheap stocks, it's easier to trust companies that are trading at a low price because their whole sector is. In comparison, companies that are cheap by themselves (no peer pressure from the sector) seem comparatively riskier. And for such companies, it's essential that you try and identify the reasons behind the discount and whether it's a temporary thing or a long-term pattern in the making.

A metals distributor

As a prominent metal processing and distribution company, **Russel Metals** (TSX:RUS) is one of the largest of its kind in North America. The company has an impressive presence in both Canada and the United States. The competitive advantage doesn't reflect very well in its stock's movement, which is cyclical at best.

The stock has gone through three growth phases since the great recession, growing 100% in one instance and over 200% in the other two. And even though it's currently highly undervalued and slightly discounted (18% from the recent peak), the stock is currently in its peak phase and is only a buy for its dividends. The current 5% yield is quite decent enough.

If you wish to buy the company for its capital appreciation potential, it would be a good idea to wait for the next dip. Still, it may take time due to the company's incredibly attractive current valuation.

A recreational products company

Bombardier Recreational Products (TSX:DOO) has been a great growth stock for a while now. The stock returned almost 195% in the last five years, and at this pace, it's capable of growing your capital by about four times in 11 or 12 years. The company also pays dividends, but the current 0.69% yield it's offering right now does not make it worth buying.

Currently, the stock is insanely cheap (as a growth stock) and has a price-to-earnings of about 7.6

times. It's also heavily discounted right now and is trading at a 40% discount from its 2021 peak. If you stretch out the stock's performance back to 2013, it's clear that buying it low (ideally, hit the depth of the dip) and keeping it three or four years offers an excellent probability of robust growth (well over 100%).

A crypto stock

The crypto market is in a dire condition as a whole, which makes the discount of **Galaxy Digital Holdings** (TSX:GLXY) entirely rational and relatively safe. It's currently aggressively undervalued, especially for a tech stock. The price-to-earnings of 3.3 is quite rare in the tech sector, and the 64% discount from its recent peak matches its valuation bargain.

Galaxy Digital is different from most other publicly traded crypto stocks on the TSX as it's not all about mining or blockchain technology. The company aims to connect crypto with the existing financial system and, to that end, offers services that overlap with the financial market. That includes asset management, investment banking, etc. At this discount, the stock can double your capital just by reaching its most recent peak.

Foolish takeaway

The three insanely cheap and undervalued stocks offer great returns, and it's difficult to pass on a good discounted deal, especially if that deal is likely to result in significant returns. However, the timeline for the return might not be the same for all three, and you may have to hold on to the companies for years before the investment yields fruit.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
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TICKERS GLOBAL

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2. TSX:GLXY (Galaxy Digital)
3. TSX:RUS (Russel Metals)

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Author
adamothman