3 TSX Stocks That Are No-Brainer Buys

Description

A good stock with a great discount is definitely a no-brainer buy, but many such companies warrant a deeper analysis than past performance and the depth of the current dip. A correction, a sector-wide downfall, or a market-wide dip are "benign" causes and offer you the chance to buy good companies at great prices.

But sometimes, a discount is a long-term downward trend in the making, so you will only be adding deadweight to your portfolio if you buy it without due consideration.

A real estate and tech company

Altus Group (TSX:AIF) offers tech-oriented solutions and services to the commercial real estate industry around the globe, though over two-thirds of the company's revenue comes from the U.S. and Canada. It has a network of 50 offices and 50,000 service customers around the globe. Its financials are quite stable as well.

These positives have culminated into a decent growth stock that rose nearly 400% between 2013 and 2019 (year-end). The post-pandemic growth was significantly more phenomenal, but it's over now, and the stock is in the correction phase. It has already lost one-third of its value from its 2021 peak, and the discount is worth grabbing, even if it comes with overvaluation. The 1.2% yield can be considered a small bonus on top.

A real estate management company

Another strong player from the real estate sector that's currently offering a mouthwatering discount is **FirstService** (TSX:FSV)(NASDAQ:FSV). The largest residential communities manager on the continent is currently trading at a 28% discount from its post-pandemic peak. Despite being an aggressive growth stock, FirstService saw a relatively natural growth after the 2020 crash.

So, at its current level, it's actually *lower* than it would have been if the market crash didn't happen, and the company kept growing at its usual pace. The value, which is still north of fair, is a bit lower than what it used to be before the pandemic. This means that the correction phase is most likely over, and the stock is poised to resume growing at its usual pace, and if you buy now, the long-term growth potential can get a solid boost.

A vehicle manufacturing company

Magna International (TSX:MG)(NYSE:MGA) is a no-brainer buy for both its discounted price and its undervaluation, which at the price-to-earnings multiple of 12.2 is quite attractive. The stock has fallen over 38% from its recent peak, though it has started going up in the last 10 days. And if that's the starting point of long-term recovery, you should try your best not to miss it.

You will also be able to lock in a decent 2.9% yield, which will gradually lower as the stock moves upward at a more aggressive pace.

Magna's position as a blue-chip business and one of the largest vehicle companies in the country with a solid global presence are more compelling reasons to buy this company instead of its past performance. However, its 10-year CAGR of 15% offers some hope regarding its long-term capital-appreciation potential.

Foolish takeaway

Even though only one of the three is currently an undervalued stock, all three are worth looking into. The discounts won't last forever, and you may not be able to get a similar deal for several years. So, instead of waiting for the valuation to catch up to the discounted price, take advantage of the bargain you are getting right now.

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2. NYSE:MGA (Magna International Inc.)
3. TSX:AIF (Altus Group Limited)
4. TSX:FSV (FirstService Corporation)
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