2 Canadian Value Stocks You Need to Buy on the TSX Today

Description

Value stocks are always great buys when Motley Fool investors are looking at their long-term portfolios. For these stocks, it really doesn't matter if they're trading at all-time highs or down during a dip. If you're holding them for decades, or even more than five years, you *know* they'll come back up.

But the point of value stocks is that you're getting blue-chip companies at a discount. And right now, pretty much everything is at a discount. Let's find two Canadians value stocks on the **TSX** today that Motley Fool investors can buy on the dip and hold for decades.

One of the best value stocks to buy on today's dip

I would consider of the best Canadian value stocks out there to buy during a dip right now to be **Royal Bank of Canada** (TSX:RY)(NYSE:RY). The Big Six bank continues to have the largest market capitalization at $184 billion compared to its peers and trades at valuable prices.

During its latest earnings report, Royal Bank stock boosted its dividend by 7%. That was the largest of the Big Six banks by far, thanks to its provisions for credit loan losses. It's this preparation now and in the past that have allowed it to sail through a downturn with relative ease.

When it's trading at these low levels, it's a strong option for Motley Fool investors to consider among value stocks. At about $131.50 per share, Royal Bank stock trades at a price-to-earnings ratio of 11.49 as of writing. This is already a climb over the last few months, but, honestly, the company usually is a value play regardless. That's because it market cap is always balanced by its net income.

But the best part of Royal Bank right now has to be that you're now looking forward to strong returns in the near future and a solid dividend while you wait. Shares are down 2% year to date and 6% from 2022 highs. Yet in the last two weeks shares have climbed back by 4% from the market correction. So, now is the time to lock in that dividend of 3.91%.

A top defensive tech stock

Another of the Canadian value stocks I'd buy has to be **Constellation Software** (TSX:CSU). Unlike other tech stocks, this company has made its name through acquisitions. Rather than spend its money on research and development, it has a solid team of finance-focused managers to find companies to acquire.

Constellation stock has acquired more than 500 companies in its +25-year history. Those companies range of retail locations to libraries, and restaurants to subway software. If you need tech for it, Constellation is interested. And it's been working well as an investment strategy for decades.

Constellation is a solid value stock that belongs in every portfolio, even though it's a tech stock. Other tech companies simply don't have the history that this one does, and at these levels, it's an absolute steal.

Constellation isn't the cheapest of value stocks in any sense, however. It trades just below $2,000 per share, with an enterprise value-to-revenue ratio of 7.94 and price-to-sales ratio of 6.08. But shares also haven't been this cheap since they took off back in 2018!

Constellation stock is now down 15% year to date but back up 3% since lows in mid-May. And you can actually bring in a solid dividend of 0.26%, or $5.13 per share, each year. That's compared to zero for most tech stocks.

CATEGORY

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3. TSX:RY (Royal Bank of Canada)

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