3 TSX Stocks That Are Fantastic Deals Right Now

Description

Investors shopping for bargains in **TSX** stocks should take a closer look at these three ideas. These dividend stocks provide awesome passive income on top of substantial value.

Manulife stock offers a big dividend and great value

Here's why **Manulife** (TSX:MFC)(NYSE:MFC) stock is a fantastic deal. At $22.99 per share at writing, it trades at about seven times earnings — the cheapest among the life and health insurance companies!

Manulife's growth rate is not bad either. Its 10-year dividend-growth rate of 8.4% is solid proof. Its 2021 payout ratio was sustainable at less than 38% of net income. Assuming a more conservative growth rate of 7% over the next five years, the value stock trades at a bargain.

Importantly, Manulife stock pays investors well to wait. Right now, it offers a juicy yield of 5.7%, which is about 90% higher than what the Canadian stock market offers. Ignoring any valuation expansion potential, the stock can deliver total returns of about 12.7% per year.

The Rule of 72, which estimates how long it will take for your investments to double, then approximates the undervalued stock can double investors' money in roughly 5.7 years. If valuation expansion occurs, investors could double their money even sooner!

Canadian Tire stock is another fantastic deal

As a specialty retailer, **Canadian Tire** (TSX:CTC.A) seems to defy the odds by growing its earnings and stock price over time. Despite higher oil prices and inflation that should lead to higher transportation and labour costs, respectively, the retailer has managed its expenses well.

Its last-12-month (LTM) gross profit margin was 35.5% versus 33.5% in 2019. As well, its LTM operating expense increased negligibly to 23.8% of revenue versus 23.7% in 2019. Consequently, its

LTM operating margin is 11.6% versus 2019's 9.9%. For comparison, I chose 2019 as a "normal" year before the COVID-19 pandemic became widespread.

At $162.82 per share at writing, the TSX stock trades at about 8.5 times earnings. The near-term earnings-per-share growth rate is estimated to slow to about 3% through 2023. However, it pays investors a nice yield of close to 4% for the wait.

Its payout ratio is estimated to be sustainable at about 32% this year. Canadian Tire's 20-year dividend-growth rate is 13.1%. When it reverts to higher growth, it could increase its dividend at a rate of north of 10% again.

TD Bank stock is a no-brainer buy

If you like Canadian Tire's 4% yield, you will like **Toronto-Dominion Bank's** (TSX:TD)(NYSE:TD) dividend yield of 4.3% even more. The big Canadian bank stock is relatively cheap to its historical levels. Specifically, it's a discount of about 15% at $82.44 per share at writing.

The bank is a highly profitable business through economic cycles. Last fiscal year, TD Bank made almost $14.3 billion of profits. From the profits that were available to common stockholders, the bank shared close to 40% with shareholders in the form of dividends.

The bank will grow with the North American economy in the long run. And it will increase its dividend over time. TD stock is a fantastic deal now for growing passive income and wealth creation for the long haul.

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1. Dividend Stocks
2. Investing

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2. NYSE:TD (The Toronto-Dominion Bank)
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4. TSX:MFC (Manulife Financial Corporation)
5. TSX:TD (The Toronto-Dominion Bank)

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Date
2025/08/13
Date Created
2022/07/30
Author
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