



5 Undervalued Stocks to Buy for Your TFSA in October

Description

With the market sell-off this year increasing in intensity lately, there is plenty of opportunity to buy stocks for your TFSA as we head into October.

However, while you have numerous opportunities to consider, it doesn't mean that every stock selling off is worth buying today.

Some stocks haven't fallen in value nearly as much as others. Furthermore, some companies may be cheap but aren't worth an investment due to increased risk and minimal upside in this environment.

So if you've got cash in your TFSA that you're looking to put to work, here are five of the best stocks to buy while they're still [cheap](#).

One of the best long-term stocks to buy for your TFSA

There's no question that **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is one of the undervalued long-term stocks to buy for your TFSA while the stock is cheap. So far, year to date, it's lost over 77%. Nonetheless, even with the economy and Shopify's growth slowing, it's still expected to grow sales by nearly 19% this year and another 24% next year.

Therefore, with Shopify stock trading at a forward [enterprise value](#) (EV)-to-sales ratio of just 4.9 times, well below its three- and five-year averages of 27.5 and 22 times, respectively, there's no question it's undervalued and one of the leading Canadian stocks to buy for your TFSA.

A top defensive stock

For those investors looking to add defence to your portfolio today but also take advantage of the sell-off in stocks, **Algonquin Power and Utilities** ([TSX:AQN](#))([NYSE:AQN](#)) is a stock to consider.

Algonquin is a utility stock that also owns renewable energy generating assets. Its operations are

extremely reliable, and the stock is a Canadian dividend aristocrat.

So the fact that it now trades at a forward [price-to-earnings](#) (P/E) ratio of just 15.2 times makes it highly compelling. 15.2 times forward earnings is not just one of the lowest valuations for any utility stock. It's also well below its three-, five- and 10-year averages, which are all around 20 times.

In addition, Algonquin's current dividend yield of roughly 6% is also well above its historical averages, around 4.2%.

Gold stocks are ultra-cheap in this environment

Many gold stocks are trading dirt-cheap today, making now an excellent time to gain exposure if you don't already own these stocks.

Although several offer value, **B2Gold** ([TSX:BTO](#))([NYSEMKT:BTG](#)) is one of the best due to its low-cost focus, solid balance sheet, and long-term growth potential.

Furthermore, the stock is now dirt cheap, trading at a forward EV-to-EBITDA (earnings before interest, taxes, depreciation and amortization ([EBITDA](#))) ratio of just 2.4 times; it's unbelievably cheap and easily one of the top stocks to buy for your TFSA.

One of the prime real estate stocks to buy for your TFSA

Many real estate stocks make excellent long-term investments. And with several REITs, such as **Morguard North American Residential REIT** ([TSX:MRG.UN](#)), trading at such unbelievable valuations, they're some of the most compelling stocks you can buy and hold in your TFSA.

Morguard is attractive due to its diversification, owning properties in Canada and the United States. This gives it tremendous growth potential, especially as regional fundamentals shift.

And with Morguard trading at a forward price-to-AFFO (adjusted funds from operations) ratio of just 12.6 times, it's much cheaper than the roughly 16.5 times it usually trades at. In addition, like most other stocks, the yield on its distribution has increased significantly and now stands at over 4.5%.

One of the top retail stocks in Canada

Worth a mention is one of the most recognized brands in Canada, and a stock that's increasingly been reporting impressive performance, **Canadian Tire** ([TSX:CTC.A](#)).

Canadian Tire has built an incredible portfolio of retail businesses and leveraged the power of technology and its highly popular loyalty program to help grow organic sales.

That hasn't made it immune from this year's sell-off, though, and the stock is now roughly 25% off its 52-week high. However, Canadian Tire's far cheaper than it seems. Currently, the stock trades at just 7.9 times its forward earnings. That's well below the roughly 12 times earnings it's traded at over the last 5 and 10 years.

So while Canadian Tire is cheap, and its dividend yield is at 4.3%, it's one of the best stocks to buy for your TFSA.

CATEGORY

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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
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3. NYSEMKT:BTG (B2Gold Corp.)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BTO (B2Gold Corp.)
6. TSX:CTC.A (Canadian Tire Corporation, Limited)
7. TSX:MRG.UN (Morguard North American Residential Real Estate Investment Trust)
8. TSX:SHOP (Shopify Inc.)

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