4 Undervalued TSX Stocks Worth a Buy Right Now

Description

Undervalued: that's pretty much the word to describe the entire TSX right now. And it's certainly the case for most of the TSX stocks. However, in some cases, there are TSX stocks that provide more value than others.

If investors seek out the right industry, the right company, and the right fundamentals, you'll be sure to find some undervalued TSX stocks that just make sense to buy. So, here are the four I would consider today.

Think big

If you're wanting to find companies that are undervalued, and you want to basically guarantee that you'll see them rebound, then you'll want big companies. These TSX stocks will likely have decades of historic performance behind them, allowing investors to see that they will indeed rise again.

In this case, I would first and foremost look at Canadian banks. These banks have provisions for loan losses that allowed them to rebound within a year after the last few recessions. And that's the case again, which you can see over and over during bank earnings reports. While loans are down, it's all right because the company has the cash to come back.

The two I would choose among undervalued TSX stocks today are **Canadian Imperial Bank of Commerce** and **Bank of Montreal**. The biggest reason? They both offer the highest dividends among TSX stocks.

CIBC stock currently trades at just 8.88 times earnings, with a dividend yield at 5.39%. Meanwhile, BMO stock trades at 7.56 times earnings offering a dividend yield at 4.35% right now. Taken together, you can lock in high dividends and see these rebound right out of this downturn.

Power your portfolio

Another area that's seeing undervalued TSX stocks is energy. No, I'm not talking about oil and gas. These stocks are overvalued, in my opinion, and are due for a major fall — not just this year but for decades.

Instead, I would consider looking at energy companies in the renewable energy sector. Just because this is a growing industry doesn't mean it's an emerging one. There is certainly a difference. These companies provide infrastructure for renewable energy but, in many cases, have also created infrastructure for other energy projects in the past. And will continue to create infrastructure in this growing sector as well.

Two I continuously recommend are **Northland Power** (TSX:NPI) and **Brookfield Renewable Partners** (TSX:BEP.UN). Both have been around for well over a decade, providing investors with historical growth to look back on. What's more, they both have a corner of the market that's due for growth.

Northland invests in offshore wind farms, which should see massive growth in the next decade given the need for arable land. Meanwhile, Brookfield has been around for decades as well, supported by a company that's been in renewable energy since 1899.

Shares of Northland are down 14% in the last two months, though they're up 6% year to date and trade at 16.22 times earnings. Brookfield is down 22% in that time and down 9% year to date. You can lock in a 3% dividend yield with these TSX stocks.

Bottom line

These four TSX stocks aren't just undervalued but are also stable companies that you can invest in for years — even decades. So, if you're looking to get a deal, set it, and forget it, these are the four to consider today.

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2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:NPI (Northland Power Inc.)

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