Stash These 2 Stocks in Your TFSA While They’re Still a Deal

Description

November has gotten off to an ugly start, with the stock market experiencing its worst “Fed day” in years. The U.S. Federal Reserve hiked by 75 bps (as expected), but investors didn’t get the type of soothing comments they may have expected. Most notably, the commitment to pausing the rate hikes or subtle hints at rate cuts down the road weren’t delivered. Directionless, investors began bidding up markets with hopes that things could change a tune.

Indeed, stocks and bonds have been so oversold of late that it didn’t take much to raise the needle higher again, at least for the near term. With a Fed pause up in the air and a global economic recession closing in, many investors are likely growing tired of dealing with this bear market and all the fake-out rallies we’ve been served up thus far. For new investors, it’s a tough time to put money to work. You’re pretty much guaranteed to face a jab or two to the chin, even by getting in at today’s reasonable (or more than reasonable) prices.

Stashing undervalued TSX stocks in your TFSA seems wise

If you’re committed to investing for at least five years (ideally, it should be 10), as you should be, you, as a TFSA investor, shouldn’t worry about the bear market so much. In the next five years, markets will have enough time to shake off the cobwebs and start moving higher again. If anything, today’s valuations are a great starting point for new investors brave enough to jump in and ride out the storm. This volatility storm will end. I know it doesn’t feel like it, but there is a lot of incentive to consider picking up what most other investors are quick to ditch.

With interest rates rising, many indebted Canadians are feeling even more of a pinch. Many have no choice but to liquidate equities to raise capital for their hefty monthly mortgage payments that are growing in size. Whenever there’s such a liquidity pinch, some compelling deals are on the table for those with the cash on the sidelines to put to work for the long haul.

Consider shares of **Quebecor** (TSX:QBR.B) and **Park Lawn** (TSX:PLC), two mid-cap stocks that are starting to get too cheap.

Quebecor

Quebecor is a lesser-known telecom that's been uneventful over the past five years. The stock is down 15% in five years and 29% off its all-time high of around $35 per share. Though it's been a slog, I do view the telecom underdog as a massive value gem for those seeking income and growth at a rock-bottom price tag.

At writing, shares go for 10.2 times trailing price-to-earnings (P/E), with a juicy 4.7% dividend yield (that's the highest it's been outside of crash-level conditions). With a plan to expand beyond Quebec, the well-run telecom titan is ready to show the rest of Canada the type of premium service it can provide. If Quebecor nabs Freedom Mobile, I do not doubt the company's abilities to put the Big Three telecom titans on notice!

Park Lawn

Park Lawn is an underrated $738 million death-care company that's shed 49% of its value from peak to trough. The stock has completed a round trip from new highs right back to the depths of 2020.

Though economic conditions will weigh on the bottom line, Park Lawn has been busy making deals amid the downturn. Ultimately, such contrarian moves will pay off for TFSA investors in the form of outsized gains down the road. For now, investors are bidding down a stock that actually has a wide moat and solid balance sheet. I think the selling has become excessive after prices got cut in half.

For now, investors can grab the stock at 18.6 times trailing P/E. The 2.1% dividend yield may not seem like much, but it is on the high end of the historical range.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:PLC (Park Lawn Corporation)
2. TSX:QBR.B (Quebecor Inc.)

PARTNER-FEEDS

1. Business Insider
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3. Koyfin
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