2 TSX Stocks Trading at Buy-Now Prices

Description

The Canadian stock market has had a tough year in 2022. The stellar rise for Canadian equity securities after the initial shock of the pandemic wore off seems like a distant memory. Record inflation and rising interest rates have significantly slowed down economic activity. As the cost of everything keeps rising, and borrowing becomes increasingly expensive, most stocks are trading for deep discounts.

The **S&P/TSX Composite Index** is down by 12.44% from its 52-week high as of this writing. The Canadian benchmark equity index's weakness reflects the state of the stock market. While declining valuations across the board are worrisome, the downturn also presents an opportunity to find and invest in high-quality, undervalued stocks.

Buying the stock of top-notch, publicly traded companies trading for lower than their intrinsic values can set you up for substantial long-term gains after the markets recover. With the top dividend stocks, lower valuations have also inflated their dividend yields, allowing you to lock in high-yielding returns.

Today, I will discuss two undervalued TSX dividend stocks that are too attractively priced to ignore for your portfolio.

Fortis

Fortis (TSX:FTS) is a $25.54 billion market capitalization Canadian utility holdings company. It owns and operates several natural gas and electricity utility businesses in Canada, the U.S., the Caribbean, and Central America.

Since most of its business is in regulated markets, Fortis generates largely predictable cash flows that allow the company's management to comfortably fund its growth projects and grow shareholder dividends. Its 49-year dividend-growth streak makes it a top Canadian Dividend Aristocrat to own.

As stable as the business is, Fortis relies on taking a heavy debt load like most utility businesses. Higher interest rates have impacted its price performance in the short term and resulted in a steep decline for the reliable dividend stock this year.

As of this writing, Fortis stock trades for $53.35 per share, down by 18.25% from its 52-week high. Its discounted valuation has seen its dividend yield grow to a juicy 4.24%, making it an attractive investment to buy and hold right now.

Northland Power

Northland Power (TSX:NPI) is a $9.61 billion market capitalization Canadian power producer. The company owns, develops, builds, and operates clean and green energy infrastructure assets worldwide, capitalizing on the growing demand for greener alternatives to fossil fuels.

Renewable and green energy is slated to become the energy industry’s future, phasing out traditional energy reliance. Northland Power is a company well positioned to leverage that demand.

As of this writing, however, Northland Power stock trades for $39.37 per share, down by 18.25% from its 52-week high. Being a key player in the energy industry and with a 14-gigawatt backlog, Northland Power has plenty of room to grow.

It pays its shareholders at a juicy 3.05% dividend yield, which is inflated due to its discounted share price. It can be an excellent addition to your portfolio at current levels for long-term growth and substantial dividend income.

Foolish takeaway

Finding and investing in undervalued but reliable dividend stocks can be an excellent way to grow your wealth in the long term. Investing at discounted share prices can grow your wealth through capital gains in the long run.

Additionally, you can make the most of the dividend income they have to offer by investing when these stocks deliver higher-than-usual returns through their payouts.

Fortis stock and Northland Power stock can be excellent additions to your self-directed investment portfolio for this purpose.

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1. Dividend Stocks
2. Investing

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2. TSX:NPI (Northland Power Inc.)

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