



## Got \$2,000? The 2 Best Undervalued TSX Stocks to Buy Right Now

### Description

The Canadian market rebounded incredibly well from the COVID-19 market crash last year. The **S&P/TSX Composite Index** initially lost close to 40% in value in just over one month. It was understandably a stressful time for investors. But those who held strong and didn't sell have been well rewarded.

After bottoming out in the last week of March, the Canadian market finished the year off with an incredible 55% bull run. Given that prior to the COVID-19 market crash, the Canadian market has delivered a gain of barely 20% over the previous five years, growth of 55% in just nine months is an impressive feat.

Even after a record-setting bull run, many companies have still not yet fully recovered from the effects of the COVID-19 market crash. As a result, Canadians have an opportunistic chance to pick up shares of top companies at discounted prices.

Here are two top **TSX** stocks that were hit hard in the crash last year and are now ready to rebound. The best part is, they're both trading at favourable discounts right now and own top dividend yields. If you're a [long-term investor](#) that has the time to hold through what may be a slow turnaround, these are two value picks you should consider for your investment portfolio.

### Manulife Financial

Canada's largest insurance provider, **Manulife Financial** ([TSX:MFC](#))([NYSE:MFC](#)), lost more than half of its value during the COVID-19 market crash. While it has since rebounded strongly alongside the rest of the broader market, the company is still trading 10% below where it was at the beginning of 2020.

Manulife is no growth stock, but there's an appealing value play here which could lead to market-beating returns over the long term. The company is trading right now at a rock-bottom forward price-to-earnings (P/E) of 8.

Even at these low prices, it could still be a long and slow turnaround for the insurance provider. Investors will need to have a long time horizon to enjoy the

[market-beating growth.](#)

While the company slowly works on its turnaround, investors will at least earn a top dividend. Manulife is a Dividend Aristocrat that owns an impressive yield of 4.5% at today's stock price.

## Scotiabank

The Canadian banks were among the hardest hit during the COVID-19 market crash. What was interesting was that it was not the actual pandemic that directly impacted the bank's revenues. Consumers weren't necessarily spending less at their banks because there was a global pandemic. The impact came from the government's decision to lower interest rates as a result of the weakened economy.

With no near-term plans of increasing interest rates, the Canadian banks may take a while to rebound. For short-term investors, there likely isn't much interest in any of the Big Five. But if you're a long-term investor, there are a few good reasons as to why you should consider adding a major bank to your portfolio.

All of the major banks, including **Scotiabank** ([TSX:BNS](#))([NYSE:BNS](#)), are trading at discounted prices right now. Scotiabank is trading today at a forward P/E ratio of 10, which is in line with the rest of the Big Five. But a discounted price is not the only reason to have Scotiabank on your watch list.

The Canadian banks have been some of the most dependable **TSX** stocks for decades. While they might not deliver market-beating growth on a yearly basis, they can do provide much-needed stability. Owning dependable stocks like Scotiabank allows you to take on more risk in high-growth stocks.

The other reason to be interested in Scotiabank is for its dividend. The \$85 billion bank is a Dividend Aristocrat that has been paying dividends to its shareholders for 185 years. At today's stock price, the bank's annual dividend of \$3.60 per share is good enough for a yield above 5%.

### CATEGORY

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11. Manulife
12. manulife financial
13. MFC
14. Scotiabank
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## **TICKERS GLOBAL**

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:MFC (Manulife Financial Corporation)

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**Author**

ndobroruka

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