3 Unloved Canadian Growth Stocks to Buy Today

Description

The intersection between growth and value stocks looks like it's about to flip from favouring the former to favouring the latter. 2020 has been all about sudden growth stocks, with momentum sprouting out of any industry that suits a quarantined society. But a comeback will see investors turning once again to the bargain basement of the stock market. The real kicker, though, will be finding stocks that sew up both attributes.

Unloved growth stocks come in all shapes and sizes. Some pay dividends, making up for a little less growth potential with a little more passive income. Others are pure rocket fuel but have retreated in recent months. Between these two extremes are any number of permutations, with ground-level events sprouting in the unlikeliest of places. Let's take a quick look at a few of the options open to bold TSX investors.

Defensive qualities are a must for casual growth stocks

Restaurant Brands International (TSX:QSR)(NYSE:QSR) took a bit of a hit last month after reporting less-than-appetizing quarterly results. However, even though investors have taken a bite out of the Tim Hortons owner, this stock is good to go, with growth prospects and some tasty dividends on the menu.

Restaurant Brands is also a buy for its access to the alternative protein trend — a potentially lucrative way to tap the "socially responsible" zeitgeist. Selling around its fair value, Restaurant Brands brings a dividend yield of 3.7% and possible earnings growth of 17% annually.

If you happen to be looking for underpriced growth stocks, have you considered **Enbridge** (TSX:ENB)(NYSE:ENB)? Many investors may not have considered Enbridge to be either reasonably priced or to have much growth head of it. But, in fact, the famous midstreamer can tick both of those boxes for investors. Look at its market fundamentals. This wide-moat energy infrastructure play marries a 26% fair value discount with a potential annual 46% earnings growth.

While the energy sector has been focusing on green economy growth, quality names such as Enbridge have been going unsung. Though hydrocarbon stocks face mounting headwinds, oil is one of the cornerstones of the Canadian economy. Enbridge also has other strings to its bow, not least of which is its Mainstream network, affording it one of the most significant economic moats in the country.

Meanwhile, **Kinross Gold** (TSX:K)(NYSE:KGC) is that rare beast — a thoroughly defensive stock that is both undervalued and packed with growth potential. Though Kinross has seen its earnings shoot up this year, its stock is still ridiculously cheap. Shares in the gold miner trade at a discount of 62% off their fair value based on projected future cash flows. That makes now a good time to load up on this classically defensive name.

What makes Kinross a better play than some of its peers? Consider those market ratios, with a P/E of 12 times earnings more than halving the sectoral average. But the real clincher is an estimated 470% total return by the middle of the decade. Overall, this is a cheap, defensive stock with a potentially bright future.

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