



3 Soaring (But Still Undervalued) TSX Stocks to Buy Before September Ends!

Description

It's been [a tough September](#) for the broader markets, with the market pulling the breaks on its relief rally yet again. While the current tech-driven sell-off may accelerate as we inch closer to the U.S. presidential election, the following beaten-up names presented in this piece, I believe, are poised to continue bucking the trend by continuing to soar in the face of vicious market-wide selling.

While I'm not an advocate of "chasing" momentum stocks based on prior moves, the following three TSX stocks are already so battered that there's still ample value to be had, as each name is still off significantly (or near) their respective pre-pandemic all-time highs.

Without further ado, consider **North West Company** ([TSX:NWC](#)), **Canada Goose** ([TSX:GOOS](#)) ([NYSE:GOOS](#)), and **Badger Daylighting** (TSX:BAD), three TSX stocks with a Relative Strength Index (RSI) of 75.1, 74.1, and 72.1, respectively, making them some of the hottest Canadian stocks over the past week, returning 23.7%, 13.7%, and 7.7%, respectively, over the past week alone.

While each name is garnering an absurd amount of near-term momentum, each one is still a terrific value investment that will likely continue to be propelled higher, as value names look to lead the markets higher through 2021.

North West Co.

North West Company, a Winnipeg-based multinational grocery and retail firm behind such banners as Northern and Giant Tiger, just broke out to a new all-time high after being stuck in a consolidation channel for over four years. Shares of the name recently popped like a coiled spring, more than doubling (110% rally) off its lows of March.

As we head into what's likely to be another wave worth of COVID-19 shutdowns, North West, an essential retailer, is poised to continue demonstrating its resilience.

Despite the massive near-term momentum behind the name, the stock is also absurdly undervalued, with shares trading at 15.9 times next year's expected earnings and 0.75 times sales. With a 0.4 five-

year beta (a beta below one means less correlated to the broader markets), North West is the perfect way to make money in a growth-to-value rotation, as this market looks to head south in a hurry.

Canada Goose

Luxury parka maker Canada Goose has been feeling the full force of this pandemic. As one of the most highly discretionary consumer plays on the TSX Index, shares of GOOS have crumbled like a paper bag, as the stock got shed over 76% of its value from its 2018 peak to the 2020 trough. A coronavirus recession and another round of reopening rollbacks are likely baked into shares at this juncture.

While the stock looks to have gone out of fashion, I still think the longer-term fundamentals remain as attractive as ever. The company is still in the early innings of its growth story, and with an excellent management team who knows how to execute, I'm a huge believer in the Goose and would encourage contrarian growth investors to back up the truck before battered discretionaries become sexy again.

Yes, the recent decline in the stock is excessive. Still, in due time, discretionaries will come roaring back, and Canada Goose will likely be one of the leaders, as the economy looks to enter its next expansionary phase. In the meantime, Canada Goose will continue rolling with the punches thrown by this horrific pandemic.

Badger Daylighting

Last but not least, we have Badger Daylighting, an environmentally friendly soil excavator that's a terrific way to play an increase in North America's infrastructure spending. This pandemic has taken a toll on the balance sheets of some of Badger's target markets (especially those within the oil and gas sector), but I believe that Badger is still nowhere close to bouncing back, as the demand for its services looks to increase in conjunction with infrastructure spending.

Badger stock has more than doubled since its March lows, yet the stock remains around 20% below its 2019 all-time highs. With the stock remaining relatively cheap, I'd say Badger is more than capable of breaking out within the next year, as its business looks to recover from this unprecedented crisis.

The stock trades at 2.3 times sales and 4.1 times book, making the name a great play for both [value](#) and momentum investors at this critical market crossroads. I think the recent rally is justified and shares have more room to run.

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TICKERS GLOBAL

1. NYSE:GOOS (Canada Goose)
2. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
3. TSX:GOOS (Canada Goose)

4. TSX:NWC (The North West Company Inc.)

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