3 Top Canadian Stocks You Can Buy for Less Than $100

Description

Investors are starting to see valuations get stretched for some of the top Canadian stocks. We're seeing some top tech companies valued today at price-to-sales ratios above 50. I'm not saying we're in a tech bubble, but Canadian investors do need to be careful with how heavily their portfolios are weighted towards high-growth companies with expensive valuations.

Even though some investors are calling for the bubble to burst, there are still plenty of deals to be had in the Canadian stock market.

Here are three top Canadian stocks that are trading below $100 a share today. Not only are shares affordable, but the valuations are also very reasonable.

Canadian stock #1: Bank of Nova Scotia

All of the major Canadian banks are trading at favourable valuations today. This low-interest-rate environment has hurt the banks in the short term, so now would be a good time to be load up on a bank if you're willing to hold for the long term.

Growth investors might not get excited about the Canadian banks, but there are more reasons than just market-beating growth to own one of the Big Five. The banks can provide investors with much-needed stability in a portfolio. You'll also earn a top dividend by owning any of the major banks.

Valued at a market cap of $80 billion, **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) is Canada's third-largest bank. It's also at the top of my watch list right now as it trades for just $70 a share.

The bank owns a yield that you'd be hard-pressed to match. At today's share price, the annual dividend of $3.60 per share is good enough for a yield of 5.2%. That makes it the second-highest yield among the Big Five.

Canadian stock #2: Enghouse Systems

The tech sector may be where all the overpriced stocks are, but that doesn't mean you can't find any top companies on sale.

At one point in 2020, **Enghouse Systems** (TSX:ENGH) was riding a bull run of over 100%. The Canadian stock rebounded extraordinarily well after losing more than 30% of its value during the COVID-19 market crash.

But after running up more than 100% last year, the company has been trending downwards since July. It's currently trading at $60 a share, which is more than 20% below all-time highs.

Enghouse Systems has been a top tech stock on the **TSX** for years. It has a proven track record of outperforming the Canadian market, and it doesn't look like it plans on slowing down anytime soon.

Over the past five years, shares of the tech stock are up 115%. Compare that to the **S&P/TSX Composite Index**, which is up not even 40%.

If you're looking to add a market-beating tech stock to your portfolio but aren't willing to pay a fortune, this is the Canadian stock you're looking for.

Canadian stock #3: Open Text

Last on my list of Canadian stocks trading under $100 is **Open Text** (TSX:OTEX)(NASDAQ:OTEX).

This tech stock is also trading around the $60 range, and considering its growth potential, it's trading at a massive discount.

Over the past five years, shares of the $15 billion tech company are up just under 90%. Over the past decade, Open Text investors are sitting on gains of more than 300%.

The Canadian stock is in the business of developing software for all kinds of different industries, including cybersecurity. The cybersecurity industry is one that I'm extremely bullish on, which is one of the reasons why I have Open Text on my radar.

Foolish bottom line

It might be tempting to pick up shares of some of the hottest growth stocks on the TSX today. But if you can't stomach the volatility and aren't willing to hold for the long term, you're better off owning a lower-risk stock.

Each of the three Canadian stocks that I've covered is trading at an affordable price today. Not only that, but valuations are also very reasonable considering what you'd be buying into.

CATEGORY

1. Bank Stocks

2. Investing
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TICKERS GLOBAL

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2. NYSE:BNS (The Bank of Nova Scotia)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:ENGH (Enghouse Systems Ltd.)
5. TSX:OTEX (Open Text Corporation)

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