



Got \$2,000? 2 Undervalued Canadian Stocks to Buy in April

Description

[Value stocks](#) have actually been a huge driver of the Canadian stock market in 2021. While major pandemic winners, like technology, consumer staples, and renewables, have pulled back, value stocks have finally caught a bid. Rather than get rid of your pandemic winners, consider adding some value to your portfolio. Some commentators have been calling this the “barbell approach.”

Balance your portfolio with Canadian growth and value stocks

Generally, in any market cycle, it is good to have a balanced portfolio. Own some income, growth, and value stocks. Even sprinkle in a little bit of “fun” speculative and cyclical stocks. Make sure these stocks are exposed to a variety of sectors, segments, and geographies.

While some of these diverse stocks will win in certain parts of the market cycle, other won't do as well. Yet, over the passage of time, you will reliably accumulate wealth and also balance out risk. It may not be that exciting, but a balanced portfolio limits your downside and ensures a part of your portfolio is always winning every market season.

If you've got \$2,000 that you are looking to add to your portfolio, I've got two Canadian stock picks that still look undervalued today.

AltaGas: A misunderstood Canadian value stock

AltaGas ([TSX:ALA](#)) is an intriguing value stock for dividend investors. Today, it pays an attractive 4.72% dividend. It is not the value trap that burned many Canadians a few years ago. In fact, the company has a much more stable platform of income and growth going forward.

57% of its cash flows are actually derived from a very stable regulated gas distribution business in the United States. This business has significant imbedded growth within its rate base. In this segment, management expects a compounded annual growth rate of 8% all the way to 2025. For a utility, that is pretty impressive.

Likewise, its integrated midstream operations (42% of cash flows) have performed with resilience, despite the pandemic. Natural gas is having a decent recovery in 2021, so that should bode well for its propane processing and exporting terminals in British Columbia.

This Canadian stock has had a good recovery out of the pandemic, but it still trades at a discount to its peers. It is still a long way from its 2014 highs, so there could still be more upside in 2021 and beyond.

Brookfield Asset Management: More value than you think

While **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) has had a nice run up since the start of the year, one could argue it is still attractive today. In its year-end shareholder letter, CEO Bruce Platt commented that the market still does not appreciate how well his company performed in 2020.

In fact, at the start of 2020, Brookfield had a published plan value of US\$57 per share. At the end of 2020, that value stood at US\$66 per share — a 17% increase. That's not bad considering all the challenges presented by the pandemic. To today's price, that is a 45% premium, so this stock still has some value to be unlocked.

Largely, the market punished this Canadian stock for attempting to privatize its office and retail real estate business. Despite recently raising its bid to [finalize the deal](#), management must still see significant hidden value in those assets. With American citizens getting vaccinated at a historic rate, in-person retail demand could quickly recover, and those properties could be buzzing again.

Regardless, BAM is a more diversified and balanced business than ever before. It manages alternative assets in infrastructure, renewables, private equity, distressed debt, and re-insurance. It is also moving into new segments like social impact investing and technology. Supported by a strong balance sheet, active institutional demand, and a diverse set of cash-yielding assets, this Canadian stock has ample catalysts for upside this year and years to come.

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