



Value Stocks Could Outpace Growth Stocks in 2021: 3 TSX Stocks to Buy Today With \$500

Description

Value stocks usually outperform growth stocks in the very long term. However, the last decade has been quite different, where growth names thrashed value stocks. But things may change post-pandemic. Value stocks seem poised for a handsome upturn, mainly amid the looming economic recovery.

Also, as TSX stocks at large linger around all-time highs, investors might turn cautious about their premium valuations and switch to value picks. Value stocks are those that trade at a large, discounted valuation but offer solid growth potential in the long term. They are generally out of the limelight, unlike growth stocks.

Higher inflation generally makes overvalued assets unpleasant. Growth stocks, which have been trading at stretched valuations for quite a while, might underperform in 2021.

goeasy

The country's top consumer lender **goeasy** ([TSX:GSY](#)) is one of my top value stock picks. Its per-share earnings have grown 24% compounded annually in the last two decades. It's quite a feat for a company in a relatively risky industry.

GSY stock is up almost 40% so far in 2021. It is currently trading at its all-time high but still looks attractive. It is currently trading 12 times its 2021 earnings, which looks significantly discounted. I think the company's growth potential is not entirely discounted yet in its stock price. Thus, it remains an attractive bet for value-cautious investors.

The company has issued upbeat [guidance](#) for the next three years. It has seen notable demand recovery in Q2 2020 after the pandemic dominated in earlier quarters.

The trend will likely accelerate in the second half of 2021 amid economic re-openings. goeasy saw

tremendous improvement in new loans and repayment patterns in Q4 2020. It should bode well for its earnings growth in the next few years.

B2Gold

Canada's one of the top gold producers **B2Gold** ([TSX:BTO](#))(NYSE:BTG) is another attractive pick. Like peer gold miners, B2Gold saw enormous growth, which drove its 70% rally last year. However, the recent weakness in the yellow metal has pushed BTO stock a bit deeper.

B2Gold's gold production surged more than 20% last year, while its all-in sustaining cost dropped by almost 3% year over year. Meaningfully higher production at a reduced cost is a substantial achievement for any miner. That's why B2Gold's net income grew by a handsome 134% last year.

Note that BTO stock is trading 10 times its 2021 earnings. It might not see as steep earnings growth as last year. But the stock is still substantially discounted, even for an average earnings growth this year.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))(NYSE:AQN) stock might not fit in a value category as the above two did, but it still looks attractive. The electricity and natural gas distribution company has shown an [above-average earnings growth](#) for the last several years.

Its large renewable asset base fueled superior growth while regulated operations provided stability. Notably, AQN stock still trades at a lower valuation multiple than peer utility stocks.

Also, AQN stock yields 4%, marginally higher than TSX stocks at large. AQN's above-average earnings could fuel its consistently increasing dividends for the next few years. Its discounted valuation and a handsome dividend profile make it an attractive bet for value investors.

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TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSEMKT:BTG (B2Gold Corp.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:BTO (B2Gold Corp.)

5. TSX:GSY (goeasy Ltd.)

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