3 Undervalued TSX Stocks to Buy Under $30 in 2021

Description

The **S&P/TSX Composite Index** has performed phenomenally well in 2021. Up over 9% year to date, the TSX strength has been supported largely by value stocks. Frankly, it was about time that Canadian stocks got some love!

With the top Canadian market bouncing off all-time highs, it can be hard to find good value. Certainly, there are portions of the market that seem pricey and speculative. All I have to mention is Bitcoin, and you probably get what I mean.

Yet Canada is home to some great, solid businesses. These are businesses that, in Warren Buffett's words, are "productive." By this I mean they produce products or services that contribute to society. Many of these businesses are leaders globally as well.

While a "cheap stock" is a relative phrase, here are three TSX stocks that appear undervalued given their long-term prospects for success. They all trade for under $30 per share and offer investors a nice mix of dividend and capital growth ahead.

A green TSX utility stock

The first TSX stock that looks undervalued is **Algonquin Power** (TSX:AQN)(NYSE:AQN). The stock trades for just over $20 per share. Yet only two months ago, it traded for 10% more.

Algonquin is a major utility and a renewable power provider in the United States. Some of its wind power assets were shut down during the extreme cold-weather event in Texas. As a result, the stock took a dive when management announced a 5-7% consequence on 2021 earnings.

Yet this is only a temporary hitch. For contrarian investors, it presents a great buying opportunity. Algonquin has some great assets and it is widely diversified. The company is progressing an aggressive capex plan that should ensure +10% annual earnings per share growth for the next five years.

Over the past 10 years, the company has consistently raised its dividend by a CAGR of 10%. If you like dividend growth, this a great stable income stock to own. Today, it pays a 3.8% dividend, but it won't be long before that yield on cost is likely far, far higher.

A pandemic recovery stock

AltaGas (TSX:ALA) is another TSX stock that is cheap, especially compared to its peers. This company operates a large natural gas distribution business in the United States. As well, it has integrated midstream operation in Canada. AltaGas has had some stumbles in the past. Yet, it has greatly simplified its business. It has been reducing its exposure to riskier assets and lowering debt on its balance sheet.

This TSX stock will benefit especially as the world recovers from the pandemic. Commercial demand for natural gas should rise, especially as the U.S. quickly recovers. Likewise, demand for products like propane are ever growing, especially in Asia. AltaGas has assets that play well into these themes. Today, the stock trades for under $21 per share and pays a nice 4.7% dividend.

A TSX e-commerce stock

The last undervalued TSX stock is **Intertape Polymer Group** (TSX:ITP). If you are like me, more and more **Amazon** boxes are showing up at your doorstep every day. Chances are good the tape that seals those boxes is produced by Intertape. Over the past few years, this company has worked hard to create low-cost, good-quality e-commerce packaging offerings.

The investments paid off, and last year Intertape had one of its best years. The stock only trades with a forward price-to-earnings ratio of 15 times. Yet, given the quality of its products and market advantage, it could deserve even better. To top it off, it pays a solid 2.8% yield right now. This TSX stock is up, but it could still have years of e-commerce growth ahead!

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TICKERS GLOBAL

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4. TSX:ITP (Intertape Polymer Group)

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