2 Cheap Canadian Stocks Under $50 to Buy With $6,000 in TFSA Cash

Description

If you've yet to spend the entirety of your $6,000 TFSA (Tax-Free Savings Account) contribution, now is as good a time as any to put it to work in cheap Canadian stocks. The stock market is surging to new all-time highs, and although some folks are saying that it's long overdue for a correction, it's important to remember that we've heard such calls throughout this incredible rally. As such, forget market timing, as the best time to invest in cheap Canadian stocks is whenever you're able.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) is the convenience store kingpin that does not get the respect it deserves.

The cheap Canadian stock got clobbered with a vicious correction to start 2021, thanks in part to confusion over the company's failed attempt to scoop up French grocer giant Carrefour. The proposed deal fell through almost immediately, yet the stock has yet to recover over four months later. Undoubtedly, many investors are still uncertain about where Couche-Tard is headed with its strategic pivot into the low-margin business of grocery stores.

Sylvain Charlebois, the director of Dalhousie University's Agri-Food Analytics, is one of few people out there who understand the reason why Couche is eager to get into the grocery business.

"Couche-Tard is probably one of the most misunderstood Canadian companies out there," Charlebois told the *Financial Post*. "I was talking to a lot of people outside of Quebec, and they were just scratching their heads: How can a convenience store operator want to buy the number seven food retailer in the world? That doesn't make any sense."

Charlebois is right on the money. I've stated in numerous prior pieces that Couche was one of the most misunderstood names in Canada. For contrarians who understand that Couche wants to future-proof its business for the EV era by buying a big grocery supply chain, Couche-Tard stock is nothing short of a steal at $42.

It's time to back up the truck.

Quebecor

Quebecor (TSX:QBR.B) is another Quebecois firm that Mr. Market may be discounting at this juncture. The telecom titan and its major subsidiary Vidéotron aren't household names outside of Quebec or the other Francophone communities it serves. The firm isn't trying to take over Canada, as the Big Three telecoms may be inclined to do. It's content with focusing on its strengths in the Quebec market, and by doing so, it reduces the risk of spreading itself too thin ahead of the next-gen telecom tech boom.

Quebec is a sizeable market, and by investing heavily in the province, the company essentially builds upon its moat, making it tougher for the Big Three to compete on its turf. There will always be outside competition, but it's tough to keep up with the Quebec behemoth that could become a dominant force over the next few years.

While top-line growth has been sluggish (2.3% in annualized revenue growth over the last three years), you can't help but admire the firm's incredible ROIC numbers (11-12% over the last two years), which, I suspect, will continue to expand. At eight times EV/EBITDA, the cheap Canadian stock is a relative steal.

Stay Foolish, my friends.

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