



2 of the Best Undervalued Canadian Stocks to Buy Right Now

Description

The broader markets look like they're a tad on the [frothy](#) side, but there are terrific [undervalued](#) Canadian stocks out there if you're willing to look. You don't even need to dig in the depths of the TSX Venture Exchange to find the bargains either. Many of the best undervalued Canadian stocks are large caps that are hiding in plain sight. And given the type of recovery we're due for, I don't even think this market is nearly as expensive as some of the skeptics may think.

It's not Canadian investors are growing euphoric over TSX stocks, after all. If it weren't for surging commodity prices, the TSX would still be trailing the S&P 500 by a wide margin. Whether or not commodities continue roaring higher, I think a different set of stocks will lead the TSX's year-end charge higher.

Some of the cheapest Canadian stocks out there today

In this piece, I'll bring two of the best undervalued value stocks that should be atop your radar this summer. Enter shares of **ONEX** ([TSX:ONEX](#)) and **Fairfax Financial Holdings** ([TSX:FFH](#)), two investment holding companies trading at multiples on the lower end of the historical spectrum. While shares of both companies have been gaining momentum in recent weeks, they remain below their pre-pandemic highs, making them worthy of the portfolio of both value and momentum investors.

ONEX

Unlike Fairfax, ONEX is a lesser-known company. The firm gained attention before the COVID-19 pandemic for having acquired WestJet Airlines a year before COVID-19. Although shares have more than doubled off their ominous 2020 lows — a time I'd urged investors to be aggressive with the name — shares are still trading at more than 10% discount to book value.

There are many wonderful investments in the ONEX basket. Many are due to make up for lost time once the COVID-19 pandemic ends. With incredible managers led by long-time CEO Gerald Schwartz who've put the TSX to shame over many years, long-term investors should feel compelling to load up

on the under-the-radar reopening play before headwinds have a chance to turn into meaningful tailwinds.

The asset manager doesn't get the respect it deserves, but as the macro picture improves, I suspect ONEX's incredible past-year rally will continue going strong.

Fairfax Financial

Sticking with the theme of asset managers, we have insurance and holding company Fairfax Financial. Fairfax is led by legendary Canadian investor Prem Watsa, a man who's well positioned to stage a comeback after years of suffering through a slump and trailing the TSX. Watsa is better known as Canada's Warren Buffett. The man has a real talent for spotting macroeconomic trends and hand-picking long-term winners.

The company holds many compelling investments, including a big stake in **BlackBerry**, a name that has attracted the attention of the retail crowd at WallStreetBets of late.

As the tides gradually turn in its favour, I think the discount on Fairfax could turn into a premium, as the tides finally turn in its favour. The company's portfolio consists of 17 major subsidiaries, including Toys "R" Us Canada — a firm that Watsa scooped up at a bargain-basement price just a few years ago.

The stock trades at one times book value and 0.6 times sales, making it a steal of a deal at this critical market crossroads.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:FFH (Fairfax Financial Holdings Limited)
2. TSX:ONEX (Onex Corporation)

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