



2 Top Canadian Picks Offering Incredible Value Right Now

Description

Value investing continues to be a time-tested strategy for outperformance in the markets. Valuing stocks on the basis of their fundamentals never gets old. And while certain hyped-up sectors can outperform in the near term, over the long term, value typically wins out as an investment strategy.

Those considering top value picks on the TSX ought to consider these two stocks. These companies are among the best in terms of their valuation relative to their growth prospects. Accordingly, these are excellent long-term holdings for value-conscious investors.

Let's dive in.

Alimentation Couche-Tard

A growth stock trading at a value stock price, **Alimentation Couche-Tard** (TSX:ATD.B) remains one of my [top picks](#).

Indeed, this gas station and convenience store player's business model isn't really that sexy. It's a simple business to understand. And Couche-Tard has managed to produce excellent growth over time via making a series of well-timed acquisitions at good prices.

The simplicity with Couche-Tard's business model is underrated, in my view. This is a company with excellent long-term growth prospects should it continue to grow as it has in the past.

However, of late, deal flow has slowed. This has been partly a result of the pandemic, and partly a result of Couche-Tard's size. The company's seeking larger deals providing greater diversification. And the market hasn't liked the deals Couche-Tard has put forward of late.

Accordingly, Couche-Tard is now trading at a valuation that's too cheap to ignore. At less than 15 times earnings for a growth stock of this calibre, investors would do well to consider Couche-Tard right now. It may not be this cheap for long.

Suncor Energy

The energy sector has been one of the bright spots this year. Indeed, just today Brent crude hit US\$75 per barrel for the first time in two years. If that isn't bullish enough for investors, I don't know what is.

In this bull market in energy, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) certainly looks like a great pick. As oil prices continue higher, Suncor stands to benefit greatly from these moves.

Why?

Well, this company's operating fundamentals are among the best in the sector. Given the company's breakeven cost per barrel around US\$35 per barrel, this company is a cash flow machine right now.

Yes, oil prices could revert lower at some point. However, it's also worth noting that oil prices were likely artificially depressed for quite some time. With demand expectations skyrocketing, there are really few catalysts that appear to have the ability to rain on this parade right now.

Suncor's production is expected to increase to around 800,000 barrels/day on average by 2025. Considering the margins on Suncor presently, that's a tonne of cash flow for investors.

Nothing is a sure bet, and Suncor certainly isn't. However, the stars are aligning nicely for value investors who'd bought Suncor stock last year. For investors who did so, my view is now may not be the right time to sell. Rather, those looking to get in could see more upside over the medium term with this stock.

Until things fundamentally change, Suncor looks like a solid value pick in this market.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
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3. growth stocks
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5. market
6. Retail
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TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:ATD (Alimentation Couche-Tard Inc.)

3. TSX:SU (Suncor Energy Inc.)

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