



## 4 of the Best Canadian Value Stocks to Buy in July 2021

### Description

So far, 2021 has been a very strong year for Canadian stocks. With the **S&P/TSX Composite Index** consistently trading above 20,000 points, it appears to hit new highs every day.

Yet one has to wonder whether there is still any value to be found. One way to find success in the stock market is to seek out stocks that the market doesn't see or understand.

Buy good companies that are undervalued, hold them for the long term, and be patient for the market to come around. If I were to deploy this strategy today, here are four [undervalued Canadian stocks](#) I would look at buying in July.

### A top Canadian energy stock

While Canadian energy stocks have been incredibly strong in 2021, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) has largely lagged its benchmark peers. It appears the market is still punishing it for its dividend cut last year.

While 2020 was a tough year, the company has been cutting costs, reducing debt, and re-focusing operations on higher-capital-returning projects. Likewise, it is [increasing its exposure to renewables](#) and clean energy.

Today, it is focused on producing "value over volume." Essentially, this means it is focused on growing better (more profitable), not just bigger (more production volume). So far, it has been working.

For its production operations, Suncor has reduced its cash flow breakeven cost to below \$30 per barrel. With oil over \$70, it is producing a huge amount of free cash flow. Throw in a 2.8% dividend and this is an undervalued way to play the recovery in commodity prices.

### A top Canadian renewables stock

The best time to buy Canadian utility stocks is when the market is ignoring them. That is the case with **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)) right now. Since February, sentiment for renewables stocks has declined. Algonquin was hit by the extreme Texas weather events in February and it missed its earnings estimates. As a result, the stock has lagged.

Yet, to me, that is a great opportunity to buy a very diverse, highly regulated utility and renewable power business. For a utility, it is targeting annual earnings-per-share growth of 8-10% for at least the next four years. The stock pays a growing 4.4% dividend, so investors get paid to wait while the stock turns around.

## A value beverage stock

If you are willing to be patient for the pandemic to subside, **Andrew Peller** ([TSX:ADW.A](#)) is a very undervalued Canadian stock. It is one of Canada's largest producers of wines and spirits. Wayne Gretzky wine and whisky is one of its top brands. The company has faced some temporary challenges, as consumers preferred lower margin value beverages through the pandemic.

As the world opens, people are returning to dining and traveling. Demand for premium and ultra-premium beverages should quickly recover.

Likewise, over 2020, Andrew Peller has been investing in new products (seltzers) and operational/sales efficiencies. Right now, this Canadian stock pays a 2.4% dividend and has a price-to-earnings ratio of 14 times. Most industry peers are trading at over 20 times.

## Growth at a reasonable price

**Calian Group** ([TSX:CGY](#)) is a growth stock not many Canadians know about. It quietly provides specialized solutions in cybersecurity, advanced technologies, healthcare, and education.

Its customers are large institutions and governments like the Canadian military and NATO. The stock only trades with an earnings multiple of 16 times. Likewise, it pays a 2% dividend. Yet this a high-quality business.

Last quarter, it hit record levels of revenue and adjusted EBITDA. Likewise, it has a cash-rich balance sheet primed for deployment into broader acquisitions. Not to mention, this business is pushing annual organic growth over the 10% mark. For growth at a reasonable price, you don't find much better than this quality Canadian stock.

### CATEGORY

1. Investing
2. Stocks for Beginners

### POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ADW.A (Andrew Peller Limited)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:CGY (Calian Group Ltd.)
6. TSX:SU (Suncor Energy Inc.)

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