3 Dirt-Cheap Canadian Stocks to Grab in July 2021

Description

While Canadian stocks are largely cheaper than American stocks, they are not cheap like they were in 2020. The **TSX** has had a strong run-up supported by a mix of low-interest rates and strong inflationary trends.

Unfortunately, if you have money to invest now, it can be hard to still find value in the market. Energy, financials, industrials, and materials are all considered "value stocks." Yet, many of these stocks are not really presenting much value at this point in the market. Given this, here is a list of some Canadian stocks that still look like an attractive bargain here.

A top Canadian energy stock

Enbridge (TSX:ENB)(NYSE:ENB) just cannot seem to get a break. Its large, diverse energy transportation business is operating safely, efficiently, and profitably. Yet, the market has been discounting this stock.

Segments of its operations like its Line 5 pipeline have faced legal challenges to halt operations. Similarly, its Line 3 replacement project continues to face environmental opposition, despite its recent affirmation by courts in the U.S.

All this "fuzz" has caused investors to worry. Consequently, its stock has not recovered as quickly as some other energy peers. Yet, to thrifty, patient investors this is a great opportunity. This Canadian stock pays a great 6.75% dividend. That is one of the highest dividends on the **TSX**.

Its dividend is very well-covered by current cash flows. Enbridge's cash flows are stable and highly contracted or regulated. It transports 20% of North America's oil liquids. Its assets are essential to the North American economy. While it works to diversify its assets for a greener future, I'm happy to collect that dividend and modest cash flow appreciation for the next few years ahead.

A little-known real estate stock operating in Europe

Like its name, **European Residential REIT** (TSX:ERE.UN) is a Canadian stock that operates entirely in Europe. It owns an attractive portfolio of residential properties in the Netherlands. Prior to the pandemic, this stock was trading over $5 per share. While its financial and operational performance has actually improved year-over-year, it still trades at a near 15% discount to that price.

The Netherlands is really attractive geography for residential rental assets. Its population is very dense, the new housing supply is limited, and rental demand is consistently robust. While there are rent controls, it is able to raise rates upon improving its units to certain standards.

Consequently, it has a decent organic growth profile. However, it also has a large opportunity to consolidate. In fact, it just acquired two very well-located properties in strong sub-markets.

Compared to peers, this stock is cheap and it trades at a discount to net-asset-value. The stock pays a 3.8% dividend, so investors get a nice income stream while they wait for this stock to get some love again.

A Canadian private equity stock

Brookfield Business Partners (TSX:BBU)(NYSE:BBU.UN) is **Brookfield Asset Management's** private equity arm. It acquires businesses that are either distressed or are just undervalued by the market at large. Often these businesses serve a niche market or have a strong dominant moat. It then refinances the businesses, inserts great managers, and refocuses their strategy on operations that yield high returns on capital.

Consequently, many of its businesses are now major cash cows. In just a matter of a few years, some have essentially paid for themselves. Upon maturity, it either sells these businesses at a premium or just collects the cash and reinvests it into new opportunities.

It is a compounding machine that many in the market don't appreciate. As a result, I think there is an attractive upside holding this Canadian stock for the long run.

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2. NYSE:ENB (Enbridge Inc.)
3. TSX:BBU.UN (Brookfield Business Partners)
4. TSX:ENB (Enbridge Inc.)
5. TSX:ERE.UN (European Residential Real Estate Investment Trust)

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