



Revealed: 1 of the Best Canadian Value Stocks to Buy This July

Description

Many investors are sleeping on some of the best Canadian value stocks this July 2021. Undoubtedly, many **TSX** stocks are riding high on considerable momentum in the first month of the second half. Still, many high-quality non-energy companies have barely budged over the last several months.

Some have dipped; others have just done absolutely nothing. It's these such names that are about the closest thing to a "correction" you'll find in the booming market these days. Undoubtedly, many firms will grow their earnings by enough to justify their above-average multiples.

Others, whose shares are either discounted or in line with their historical averages pose the greatest upside surprises. For investors willing to think independently at this critical market crossroads, I think there's big money to be made.

Are we in a stock picker's paradise this July 2021?

One of my favourite money managers, Leon Cooperman recently remarked on high market valuations in a televised sitdown with *CNBC*, but don't count on him to sell his stocks anytime soon. The man plans to "stock pick" his way to great returns moving forward. And I think many investors should follow in his footsteps, rather than unsubscribing from stocks, just because the market indices are at new highs.

Sure, passive investors may have limited options. But as a stock picker, you should treat any environment that faces low prospective returns as an opportunity to really crush the markets through prudent security selection.

By insisting on value and conducting a full analysis of a company and its prospects, I think there are still plenty of steals to be had. And in this piece, we'll look at two I'd buy and watch in July 2021. Both names have taken a bit of a hit, but are unlikely to remain depressed for an extended duration, given the high calibre of their respective businesses.

Consider **CN Rail** ([TSX:CNR](#))([NYSE:CNI](#)). These two names could have the stage set for a major rally

in the second half of 2021. Both companies have their own sets of baggage, but over the coming months, I'd look for the bargain hunters to have a chance to move in.

CN Rail: Fresh off a 15% correction

CN Rail can't catch a [break](#) this year. Whether it's investor's disappointment in the pricy pursuit of Kansas City Southern or financial penalties that could be brought forth if regulators put a stop to the CN-KSU tie-up, 2021 hasn't gone CN Rail's way. At least so far.

Much of the news surrounding the big CN-KSU deal has been overwhelmingly negative. In a prior piece, I outlined the likelihood that the CN faced [a lose-lose proposition](#). If it ends up acquiring KSU or if the deal is halted, the reaction was likely to be negative.

Undoubtedly, it's tough to jump in here in the midst of a historic rail deal, while U.S. President Joe Biden sets his sights on the top railways that run through the states.

While there could be more downside as a result of the CN-KSU deal (I'd look for the stock to plunge to \$120-125), I do think that in the grander scheme of things that this 15% or so pullback will prove to be nothing more than an opportunity to top up your stake in one of Canada's widest-moat companies.

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