



The 4 Best Canadian Value Stocks to Buy Right Now

Description

It has been an excellent year for Canadian value stocks. Largely, they are the reason the **TSX Index** has had such a strong recovery in 2021. Sectors like energy, materials, financials, and real estate have all enjoyed an uptick from strong inflation and COVID-19 recovery trends.

While these stocks are not [“cheap”](#) like they once were, here are four Canadian value stocks that still look interesting today.

Suncor: A top Canadian energy value stock

Many Canadian energy stocks are still fairly cheap, at least compared to the past. **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) looks to be fairly attractive still. Certainly, as West Texas Intermediate (WTI) oil prices pulled back below US\$70 recently, so did Suncor's stock price. Yet, even here at around US\$66 per barrel, this Canadian value stock is gushing free cash flow.

It only needs \$35 per barrel to pay its capital expenditures, operating costs, and current dividend. Anything over that is excess cash flow that can be utilized for share buybacks and debt reduction.

It is focused on increasing its annual free cash flow per share yield by more than five times over the next four years. With that perspective, this Canadian value stock looks pretty cheap. This pullback could present a decent entry point — not to mention that it pays a nice 3.2% dividend.

Altagas: A solid infrastructure stock

An energy infrastructure stock with a slightly lower risk profile than Suncor is **Altagas** ([TSX:ALA](#)). Many don't recognize it, but 57% of its earnings come from a very stable natural gas utility business in the U.S. As a result, it has a very solid platform of steady cash flows that are also supplemented by attractive 8-10% annual rate base growth.

Its remaining midstream and export business is also operating at full steam. Strong propane demand in

Asian markets is helping propel strong EBITDA growth today.

Last quarter, the company raised its guidance, and it appears to have a good platform for cash flow and dividend growth this year. Today, this Canadian value stock yields a 3.9% dividend.

Canadian National Railway: A forever-hold value stock

Canadian railroad stocks have declined lately and this presents investors some long-term value now. Due to the essential and fundamental nature of these businesses, they are hardly ever cheap.

Yet, today **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) looks fairly attractive. In fact, its 1.9% dividend yield is trading above its five-year average. CN's transportation infrastructure is impossible to replicate. Its rail is crucial for both the Canadian and American economies.

Should it be [successful in acquiring Kansas City Southern](#) (that is very speculative at this point), it would have a considerable competitive edge across North America. Regardless, this company will continue to produce consistent, stable earnings for years ahead. It is an ideal buy-and-hold-forever Canadian value stock.

Granite REIT: A top real estate stock

If you like [real estate](#) and stable monthly dividend income, **Granite REIT** ([TSX:GRT.UN](#))([NYSE:GRP.U](#)) is an ideal Canadian value stock. It operates a portfolio of institutional-grade logistics, warehousing, and industrial properties across Canada, America, and Europe. This REIT has one of the lowest levered balance sheets in its industry.

Consequently, it has the capacity to finance properties at incredibly low rates (sub-1%). Likewise, its 3.5% dividend income is very solid and protected by long-term leases to top-quality tenants like **Magna International**, **Amazon**, and **Restoration Hardware**.

Given strong industrial demand, it should continue to keep raising its dividend. This value stock has yet to recover to the same extent as other Canadian industrial REIT stocks this year. As a result, it appears to be an attractive long-term entry point right here.

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ALA (AltaGas Ltd.)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:GRT.UN (Granite Real Estate Investment Trust)
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