



2 of the Best Value Stocks in Canada to Buy Today

Description

You don't need to be a seasoned veteran to pick away at the numerous value stocks here in Canada. Undoubtedly, some people are concerned that valuations in U.S. names are becoming stretched.

Going north for value stocks?

At least the [folks over at Bank of America](#) seem to think there's more opportunity to be had with Canadian value stocks. I'm inclined to agree. So, if you're a U.S investor looking for better value up north or a Canadian investor looking to put your next bet to work in a domestic value play, consider the following two names. They could help lead you to outperformance in what's shaping up to be a turbulent second half of 2021.

Spin Master

Spin Master ([TSX:TOY](#)) is a growth stock that just so happens to trade at a modest valuation multiple. Shares have been slowly climbing back since March 2020.

Although the waters have gotten choppy in recent weeks, I still view the tides as being turned in the Canadian toymaker's favour. The triple-digit growth in digital games is nothing short of remarkable. While the momentum in the segment is expected to pullback in a post-pandemic environment, Spin is still positioned to be a net beneficiary as demand for discretionary goods and toys picks up again.

Undoubtedly, e-commerce is no replacement for physical toy stores. We learned that when Toys "R" Us in the U.S. ran into financial trouble a few years back. The discovery process starts in stores, and many children don't really know which toys they want until they see them in a store.

Going into the post-pandemic environment, I think the toymakers are where you'll want to be if you want to make the most of the spending boom that may just be getting started.

TD Bank

TD Bank ([TSX:TD](#))([NYSE:TD](#)) is one of Canada's most premier banks. In past pieces, I've praised the bank for its prudent management team and its high quality of earnings. Given TD's strengths are in retail banking, it also has the most to gain once the Bank of Canada inevitably starts tightening again.

While a worsening of the COVID-19 pandemic could delay rate hikes, I ultimately believe that investors will need to get ready for higher interest rates. And TD Bank is arguably one of the best (and cheapest) ways for Canadian investors to prepare.

It's not just a large chunk of deposits that could enjoy the windfall of higher rates come the mid-2020s; it's the firm's great exposure to the U.S. market. TD Bank is a well-known Canadian bank, with its many open-late branches and its top-notch WebBroker platform. But what many Canadians may be unaware of is how established the bank is in the United States. Heck, TD actually has more physical branches south of the border, despite comprising slightly more of overall revenues from Canada.

It's the perfect mix of Canadian and U.S. banking exposure that I'm a [fan](#) of. In essence, it's a one-stop shop to both markets. And with so many Canadians in debt, I think that the U.S. banking business could pull more weight moving forward. With TD on the hunt for its next big deal south of the border, I'd look to punch my ticket to America's most convenient bank (or Canada's most American bank) while it's trading at a discount to its Big Six peers at just 10.6 times earnings.

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Author

joefrenette

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