



## 4 Top Value Stocks to Buy With \$1,000 in August 2021

### Description

The rising stock market makes it difficult to find shares offering good value. While the Canadian market remains strong, a few stocks look attractive on the valuation front.

So, if you've got \$1,000, consider buying these [value stocks](#) for your portfolio right now.

### Scotiabank

**Scotiabank** ([TSX:BNS](#))([NYSE:BNS](#)) stock has grown about 50%, yet it's trading at a considerable discount compared to peers. Its price-to-book value (P/B) multiple of 1.4 is well below the peer group average. Notably, **Bank of Montreal**, **Toronto-Dominion Bank**, and **Royal Bank of Canada** are trading at P/B ratios of 1.6, 1.7, and 2.1, respectively.

I expect Scotiabank to continue to benefit from steady economic growth and a rise in credit demand. Meanwhile, its exposure to the high-quality and good growth banking markets position it well to capitalize on the improving industry fundamentals.

I expect to see an uptick in loans and deposit volumes. Moreover, lower credit provisions, improved credit performance, and operating leverage are likely to drive Scotiabank's profitability and, in turn, its stock. Investors will also likely gain from its robust dividend payouts.

### Loblaw

**Loblaw** ([TSX:L](#)) is another Canadian stock looking attractive on the valuation front at the current price levels. The Canadian food and drug retailer is trading at a forward P/E (price-to-earnings) multiple of 16.3. In comparison, both **Metro** and **Alimentation Couche-Tard** are trading at a forward P/E ratio of 18.2.

The addition of Loblaw stock to your portfolio will provide stability. Its low-risk business and steady demand for its products and services reduce the downside risk. Meanwhile, Loblaw could continue to benefit from the expansion of its e-commerce platform, connected healthcare offerings, home delivery services, and attractive rewards program. Meanwhile, higher demand for its online grocery pickup

services could continue to drive its traffic and ticket size and boost its market share.

## Air Canada

**Air Canada** ([TSX:AC](#)) is trading cheap but has strong growth potential. The company recently reported impressive Q2 results, which marked a sharp improvement in its revenues, bookings, and capacity, reflecting a pickup in domestic travel demand. Also, its net cash burn continued to decline and came better than management's expectations.

Management is optimistic that its bookings could continue to increase with the easing of air travel restrictions, while its net cash burn could decline as the year progresses. I believe Air Canada's financials would get a boost from the normalization of its operations and easing travel restrictions. Furthermore, its rapidly growing air cargo business and lower cost base could support its financials. Despite gaining over 59% in one year, Air Canada stock trades at a significant discount from its pre-COVID levels and is an attractive [long-term pick](#).

## Capital Power

**Capital Power** ([TSX:CPX](#)) is a top value pick for risk-averse investors. Notably, shares of the Capital Power have witnessed a growth of about 59% in one year. I believe it has further room to run, owing to its growing asset base and solid renewables portfolio. Thanks to its low-risk, power-producing assets and long-term contractual agreements, the utility company is well positioned to deliver higher earnings and predictable cash flows that could continue to drive its dividend payouts and stock price.

During the most recent quarter, Capital Power raised its dividend by 6.8%, marking the eighth consecutive increase in annual dividend. Capital Power is trading at an EV/EBITDA (NTM) multiple of 8.2 — well below its peer group average. Notably, **Canadian Utilities**, **Fortis**, **TransAlta Renewables**, and **Algonquin Power & Utilities** are trading at forward EV/EBITDA multiples of 10.8, 13.0, 13.2, 14.2, respectively.

### CATEGORY

1. Bank Stocks
2. Coronavirus
3. Investing

### TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:AC (Air Canada)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CPX (Capital Power Corporation)
5. TSX:L (Loblaw Companies Limited)

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