



4 Undervalued Canadian Stocks to Buy Now

Description

What exactly *is* an [undervalued stock](#)? There are a number of ways to consider this, actually. Motley Fool investors may be more familiar with a pullback from a stock. But honestly, even if a company is trading at all-time highs, it could still be considered undervalued! So today we're going to take a look at four undervalued Canadian stocks to buy based on a variety of factors.

The insider trade

One clue to a stock being one of these undervalued Canadian stocks to buy would be insider trading. While Motley Fool investors shouldn't consider this as a reason to buy alone, there could be a reason for a major purchase investors should pay attention to. **Winpak** ([TSX:WPK](#)) was but one example this week.

Director Bruce Berry, the company's former president and CEO, purchased 10,000 shares at a cost of \$40.34, a value of \$403,400 in shares. Shares in the company are up 9% in the last three months, but have floated around the same price for the last year. This could mean Berry believes there is future growth ahead.

A growing industry

Another way to find undervalued Canadian stocks to buy is by looking at a [growing industry](#). It's no secret that this would include oil and gas. But pipelines are the best way to get in on the action without the major price volatility. **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) recently upped its annual expected earnings, with management believing even more could be predicted down the line.

As commodity prices increase with demand increasing as well, Pembina is likely to see a massive increase in share price, and potentially its dividend. Shares are already up 28% in the last year, but still down 15% from its potential upside, according to analysts. And with its Peace Phase IX potentially reactivated, there could be even more long-term growth added as well.

Earnings

Again, earnings need to be taken with a grain of salt. However, watching earnings can tell investors what a long-term outlook may look like. Such is the case with **Uni Select** ([TSX:UNS](#)). The automotive refinish and industrial paint producer reported adjusted EBITDA of US\$34.1 million, exceeding analyst expectations by a long shot. Its balance sheet is manageable, thus management is now searching for future growth opportunities.

Shares of the company are up 159% year to date, with major growth around this earnings report. Yet analysts still believe more growth of around 20% could come around in the next year! While its price to sales and price to book ratio sit at 0.3 and 1.3 respectively, the company is in overbought territory. So it might be prudent for Motley Fool investors to wait for a slight pullback before jumping on this stock.

Fundamentals

That leads me to fundamentals, one of the best ways to see where a company is set up today. One of the surest ways to find out if a company is undervalued is to look at the [relative strength index](#) and see where that lies. If it's below 30, it's oversold, which is a sign it could be a valuable company.

One recent example for undervalued Canadian stocks to buy is **Real Matters** ([TSX:REAL](#)). The company is in oversold territory at an RSI of 22.65 as of writing. The mortgage and lending software company continues to announce strong earnings, most recently with revenue up 9.6% year over year, though adjusted EBITDA margins were down to 30.5% from 47.6%, which is still strong growth. But management believes it still has strong future growth from the U.S. title business as it takes over the market share and new clients.

Analysts believe the stock could double or more in the next year as a correction occurs. Only time will tell, but given its secure industry, investors would do well to consider this one of the best Canadian stocks to buy right now.

CATEGORY

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2. TSX:PPL (Pembina Pipeline Corporation)
3. TSX:REAL (Real Matters Inc.)
4. TSX:UNS (Uni-Select)
5. TSX:WPK (Winpak Ltd.)

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Author

alegatewolf

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