



4 Cheap Stocks to Buy on the TSX in August 2021

Description

TSX stocks have performed very well in 2021. The S&P/TSX Composite Index has climbed 17% so far this year. However, the elevated markets can certainly make it more challenging for investors [looking to deploy capital right now](#). Considering this, here is a list of four TSX stocks that are still relatively cheap but could have attractive upside as the year goes forward.

A top TSX pipeline stock

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)), with its outsized 6.7% dividend, still looks like a good bargain for investors looking for income. Enbridge has faced its fair share of challenges in 2021, some of which still weigh heavily on the stock. However, too often, investors overweigh the negative concerns over the positive potential.

Firstly, Enbridge should complete its Line 3 pipeline replacement project this year. That is one of its largest capital projects ever and should set the stage for elevated cash flow growth in 2022.

Secondly, it is investing heavily into renewable power, gas transmission, and other energy alternative projects. These could fuel years of growth, while also being ESG-proactive. Enbridge just announced [strong second-quarter results](#), so this TSX stock still could have a nice rebound up from here.

A top renewable stock

Another TSX stock that has just gotten no love in 2021 is **Northland Power** ([TSX:NPI](#)). Over the years, it has become one of the leading renewable power stocks in Canada. While it has diverse power and utility operations, its primary focus is on offshore wind power. For many countries hoping to achieve carbon-neutrality goals, offshore wind is a very attractive power resource to utilize.

Northland has the scale, expertise, and balance sheet to build and operate a global portfolio of wind farms. This company may have some short-term variability in earnings. Yet, over the decade, its large development pipeline should enable it to easily double its power capacity, adjusted EBITDA, and cash

flows. Today, it pays a nice 2.8% dividend bonus while you wait.

A top TSX transportation stock

Over the long term, Canadian railroad stocks have been a great investment. In Canada, they operate in a duopoly where their infrastructure and rail networks are impossible to replicate.

As a result, they have dominant competitive moats. **Canadian National Railway** ([TSX:CNR](#)) ([NYSE:CNI](#)) has been down in the dumps ever since it announced its acquisition of **Kansas City Southern**. Whether the deal proceeds or not, investors have solid upside and limited downside from here.

If the deal is approved, it will create one of the strongest North America-wide railroad networks. If the deal fails, the market cap today has still fallen more than the potential break-up fee CN would incur. At this price, this TSX stock is still a win-win for investors over the long term.

An undervalued growth stock

Enhouse Systems ([TSX:ENGH](#)) is a TSX growth stock you may have to be patient with. Look at its year-to-date stock chart, and it does not look overly exciting. Although, just look back 10 years, and that might change your mind (it's had a 1,215% return).

Fortunately, there is really nothing wrong fundamentally with this business. The company had an excellent year in 2020, supported by pandemic-related remote work spending. Consequently, its 2021 results are experiencing a bit of a hangover in comparison.

Enhouse earns very high margins and predictable recurring revenues from its software solutions. As a result, it produces high +30% cash flow margins consistently. This TSX stock has nearly \$170 million in net cash. It has ample flexibility to deploy this into attractive acquisition growth. That could accelerate, as the pandemic crisis starts to wane. This is [a great buy-and-hold technology consolidator](#) at a very fair price.

CATEGORY

1. Investing
2. Stocks for Beginners

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
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5. TSX:ENGH (Enhouse Systems Ltd.)

6. TSX:NPI (Northland Power Inc.)

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