2 Undervalued Stocks to Buy Before It's too Late

Description

Equity markets were trading at all-time highs before the pandemic struck and changed the course of history in 2020. Devastating global economies and disrupting every aspect of how we live our lives, the fallout from the novel coronavirus pandemic also created opportunities for investors who wanted to invest in high-quality stocks but were waiting for prices to decline.

Unlike previous corrections, the February and March 2020 sell-off was caused by a frenzy as people panicked due to the uncertainty created by the pandemic.

As we close in on the final quarter of 2021, the **S&P/TSX Composite Index** is trading near new all-time highs. The increasing vaccine rollout lent hope for the post-pandemic era to become a reality. However, the rise of the Delta variant has started to place question marks on the much-anticipated economic recovery.

Fortunately, investors can still find undervalued stocks on the stock market today that could offer them a degree of defensiveness and capital growth under the current economic landscape.

Today I will discuss two such stocks that should at least be on your radar if they are not already a part of your portfolio today.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.A)(TSX:ATD.B) stock is a value pick that could be an excellent addition to your portfolio if you want to buy undervalued stocks. The company's trailing price to earnings multiple is at a reasonable 16.55, making it an attractive asset to consider for its valuation right now.

While Alimentation Couche-Tard might be a value stock in my books, it's not a small company. The convenience store and gas station giant is a massive company that boasts a market capitalization of $54.70 billion and a strong balance sheet. Combined with its fundamentals, Alimentation Couche-Tard could be an excellent addition for investors seeking stellar long-term returns.

Trading for $50.77 per share at writing, Alimentation Couche-Tard stock is up by 16.35% on a year-to-date basis with plenty of room to continue growing in the coming years, even in the face of challenging market conditions.

Kirkland Lake Gold

Kirkland Lake Gold (TSX:KL)(NYSE:KL) is an ideal stock pick for investors who want exposure to an undervalued stock that can also add defensive qualities to their portfolios. Kirkland Lake Gold is a gold-producing company that has managed to leverage recent gold price trends to become virtually debt-free and generate substantial cash flows.

Additionally, Kirkland Lake Gold stock could serve as an excellent hedge against volatile market conditions. As broader markets begin to decline, gold prices rise. Higher gold prices mean better profit margins for gold-producing companies like Kirkland Lake Gold.

The company is expected to invest in higher production capacity. Combined with higher gold prices in volatile market conditions, Kirkland Lake Gold stock could be an ideal asset to grow your wealth in volatile market conditions.

Foolish takeaway

At writing, the S&P/TSX Composite Index is up by 16.60% on a year-to-date basis and appears to be slowly creeping up to 17%. The markets might be near new all-time highs, but there is a significant risk to investor capital if the stock market goes through a significant correction.

Adding exposure to defensive assets that can offer protection for your investment capital might be a wise decision right now. Fortunately, investing in assets like Kirkland Lake Gold stock and Alimentation Couche-Tard stock can provide your portfolio with defensive properties and growth potential to deliver substantial wealth growth under the current market conditions.

CATEGORY

1. Dividend Stocks
2. Investing

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1. TSX:ATD (Alimentation Couche-Tard Inc.)

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