



The 2 Best Canadian Stocks to Buy While They're Still Cheap

Description

Canadian investors have enjoyed a growth-filled year so far. The **S&P/TSX Composite Index** is up more than 15% year to date and more than 20% over the past 12 months.

The [growth](#) over the past year has sent some stocks soaring into sky-high valuations. If you're looking to own a top growth company on the **TSX** today, you're likely going to need to pay a premium. I'm not necessarily saying it's not worth it, but investors need to be wary of the risks of expensive valuations.

Even though the market as a whole is up big this year, there are still deals to be had if you're a long-term investor.

Here are two top Canadian companies that are at the top of my watch list today. They won't cost you a fortune to buy today, either.

Canadian stock #1: Toronto-Dominion Bank

The major banks have been some of the most dependable Canadian stocks for decades. Whether you're looking for growth, passive income, or dependability, the banks have you covered. The Big Five are all trading at very [reasonable prices](#) today, too.

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is my top bank to buy today. The bank's \$150 billion market cap ranks it as one of the largest companies on the TSX and the second largest among the Big Five banks.

It's the bank's broad offering to its shareholders that has it on my watch list. The Canadian stock has been a market beater for years, has a [top dividend](#), and provides exposure to non-Canadian economies.

Shares of TD Bank are up a market-beating 55% over the past five years. That's also not even including its impressive dividend. It's yielding above 3.5% at today's stock price, and the company has been paying a dividend to its shareholders for more than 150 years.

Where TD Bank separates itself from its peers for me is its exposure to the growing U.S. economy. About one-third of the bank's net income comes from the United States. That provides Canadian shareholders with much-needed diversification away from the Canadian economy.

Not only does it provide Canadians with diversification but growth too. TD Bank's American operations still predominantly reside on the east coast, leaving plenty of room for growth in the coming years in the western states.

The bank stock may be trading at a near all-time high right now, but I'd say it's still undervalued. It's trading at a favourable forward price-to-earnings ratio of only 11 today.

Canadian stock #2: Brookfield Renewable Partners

The renewable energy space is one area of the market that I'd strongly suggest any long-term investor having exposure to. The market opportunity is only increasing for many leaders in the sector, and I don't expect that trend to slow down anytime soon.

It hasn't been the most rewarding year for green energy investors. While the market is nearing a 20% gain in 2021 alone, there are lots of top renewable energy stocks that are trading at a loss this year.

If I were to recommend just one stock in the sector, it would be **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)). The \$13 billion company is a market leader that offers its global customers a range of different renewable energy options.

Shares are up a market-crushing 125% over the past five years. Year to date, though, the stock is down 15% and is trading more than 20% below all-time highs.

The entire sector has taken a hit in 2021 after a strong performance in 2020. So, if you're a long-term investor that's willing to be patient, now is the time to be loading up on renewable energy stocks.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
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1. Editor's Choice

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)

2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:TD (The Toronto-Dominion Bank)

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Author

ndobroruka

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