3 Incredibly Undervalued Canadian Gems to Buy Today

Description

Finding great value in today's market isn't an easy task. Indeed, stocks have now approached valuations that, by most metrics, we haven't seen before. Accordingly, cautious investors may be looking for some high-quality, undervalued picks right now.

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In this article, I'm going to discuss three of the top undervalued stocks hiding in plain sight.

Top undervalued stocks: SmartCentres REIT

Looking at real estate prices today, one might think a REIT is a crazy choice to include on this list. However, not all real estate is created equal.

In fact, retail real estate — you know, shops and brick-and-mortar strip malls, that sort of thing — continues to remain well below pre-pandemic levels. There's uncertainty as to whether shopping habits will ever go back to the way they were. For REITs with heavy retail exposure, this hasn't been a good thing.

However, there's one retail-oriented REIT I think is a baby that has been thrown out with the bathwater. **SmartCentres REIT** (TSX:SRU.UN) holds a portfolio of some of the best retail assets in North America. The company's tenants are mainly blue-chip, big-box stores. Accordingly, this company's cash flows are much more stable than its retail REIT counterparts.

With a dividend yield of more than 6% at the time of writing, investors get paid to be patient with this stock. Indeed, I think the pandemic reopening thesis remains strong with SmartCentres REIT. Accordingly, I view this stock as undervalued relative to its peers.

Those seeking a diamond in the rough have a great option with this stock.

Alimentation Couche-Tard

One of my top value picks for some time has been **Alimentation Couche-Tard** (TSX:ATD.B). Indeed, this wasn't always this way. Couche-Tard used to trade at a more substantial multiple in the past.

After all, this convenience store and gas station operator has shown impressive growth traits. In fact, over the next five years, the company expects to double its earnings per share. That's some impressive growth from an otherwise boring sector.

However, Couche-Tard's main source of growth in recent years has been via acquisitions. With the company's deal flow drying up of late, some investors are wondering if this growth is achievable. Additionally, the pandemic has hurt the daily commute that brought Couche-Tard so much business.

However, like SmartCentres, Couche-Tard is a great pandemic reopening play. This is a company with a world-class management team trading at a massive discount. I'll take it.

Restaurant Brands

Similar to Couche-Tard, **Restaurant Brands** (TSX:QSR)(NYSE:QSR) has shown excellent growth fundamentals in the past. Indeed, this fast-food restaurant conglomerate is one of the most well known in the world. With Burger King, Popeyes Louisiana Kitchen, and Tim Hortons under its umbrella, Restaurant Brand stands to grow internationally at a sector-beating pace.

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However, the pandemic has dimmed Restaurant Brands's prospects. While the company has shown a resurgence in sales in recent quarters, investors seem to need more of a track record before diving in. That said, smart money is already jumping into this stock, given the strength of its banners and growth outlook long term.

Restaurant Brands provides long-term investors with a great dividend yield in excess of 3% and strong cash flow stability. Indeed, there are few stocks better than Restaurant Brands today. Compared to its peers, this is also a stock with a juicy valuation.

There's really a lot to like about all these picks.

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1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:ATD (Alimentation Couche-Tard Inc.)
3. TSX:QSR (Restaurant Brands International Inc.)
4. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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