



4 Top Value Stocks to Buy in September 2021

Description

While the Canadian stock market continues to trend higher, few **TSX** stocks look attractive on the valuation front, implying further upside in their prices in the medium to long term.

So, if you're looking to buy some high-quality value stocks at the current levels, consider adding **Scotiabank** ([TSX:BNS](#))([NYSE:BNS](#)), **Capital Power** ([TSX:CPX](#)), **Loblaw** ([TSX:L](#)), and **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) to your portfolio right now.

Scotiabank

Scotiabank is one of the top value picks with solid growth prospects. While its stock appreciated over 47% in one year, it continues to trade at a considerable discount compared to peers. Its price-to-book value (P/B) multiple of 1.4 is well below the peers, including **Bank of Montreal**, **Toronto-Dominion Bank**, and **Royal Bank of Canada**, which are trading at P/B multiples of 1.5, 1.6, and 2.1, respectively.

At current price levels, Scotiabank is an excellent stock for long-term investors. I believe it could gain big from the steady economic growth and a rise in credit demand. Meanwhile, its diversified revenue streams, strong credit quality, exposure to the growing banking markets, and acceleration in digital banking augur well for [future growth](#).

I expect Scotiabank to continue to report higher deposit volumes, drive down operating costs, and benefit from increased interest rates. Meanwhile, its high-quality earnings suggest that the bank could continue to boost investors' returns through higher dividend payments. Currently, the bank offers a healthy yield of 4.6%.

Capital Power

Risk-averse value investors could consider adding Capital Power stock to their portfolio. Capital Power is trading at an EV/EBITDA (NTM) multiple of 8.3, much lower than its peers, including **Canadian Utilities**, **TransAlta Renewables**, **Fortis**, and **Algonquin Power & Utilities**.

I believe Capital Power's growing asset base and solid renewables portfolio should drive its earnings, in turn, its stock. Thanks to its high-quality earnings and predictable cash flows, Capital Power has raised its annual dividend for eight consecutive quarters.

The utility giant's low-risk business, contractual framework, and long-term power-producing assets will likely drive its future earnings and dividend payouts. Moreover, its valuation indicates further upside in its stock from current levels.

Loblaw

Loblaw is another low-risk stock offering value and stability. This Canadian food and drug retailer trades at a forward price-to-earnings (P/E) multiple of 16.9. In contrast, **Alimentation Couche-Tard** and **Metro** trade at a forward P/E multiple of 17.3 and 17.8, respectively.

Besides trading cheaper than peers, Loblaw has consistently delivered solid comparable sales growth and gained market share on the back of sustained demand for its product and offerings. Looking ahead, I believe its focus on connected healthcare offerings, investments in the digital platform, and attractive rewards program could continue to support its top-line growth.

Meanwhile, the growing momentum in its online grocery pickup services and home delivery services will likely drive its market share further.

Pembina Pipeline

I'll wrap up with Pembina Pipeline, which is trading cheaper than its peers and could offer [good value](#) in the coming years on the back of improving industry fundamentals. Pembina Pipeline trades at a forward EV/EBITDA multiple of 10.5, while its peers **TC Energy** and **Enbridge** trade at a forward EV/EBITDA multiple of 11.5 and 12.2, respectively.

I'm bullish on Pembina Pipeline's growth prospects and expect the stock to rise further, reflecting a recovery in energy demand and higher realized prices for commodities. Additionally, higher volumes increased pricing, and cost-saving measures will likely drive its profitability and help it to bolster shareholders' returns through higher dividend payments.

Furthermore, a solid backlog of growth projects, secured projects, and contractual framework bodes well for growth.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Energy Stocks

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CPX (Capital Power Corporation)
5. TSX:L (Loblaw Companies Limited)
6. TSX:PPL (Pembina Pipeline Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. arosenberg
2. snahata

Category

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Energy Stocks

Date

2025/07/05

Date Created

2021/09/06

Author

snahata

default watermark

default watermark