The 3 Best Canadian Stocks to Buy While They're Still Cheap

Description

The Canadian stock market is on pace for one of its best-performing years in a while. The **S&P/TSX Composite Index** is up nearly 40% over the last five years. Close to half of that growth has come in 2021 alone.

Valuations of many growth stocks are rising to lofty prices, but that doesn't mean Canadians need to pay a premium to invest today. There are plenty of top Canadian stocks trading at opportunistic discounts right now.

The three Canadian stocks on this list have two things in common. They've outperformed the market in recent years and are trading below all-time highs.

If you're looking to earn market-beating growth but aren't willing to pay a premium, these three picks should be on the radar today.

Canadian stock #1: Northland Power

Now's the time to be loading up on renewable energy stocks. Many of the top players in the sector have been trailing the market this year, so now's your chance to pick up shares of a top green energy stock at a rare discount.

At a market cap just shy of $10 billion, **Northland Power** (TSX:NPI) is one of the largest renewable energy providers in the country. In addition to Canada, it provides a range of different green energy solutions to customers in the U.S., Europe, and Asia.

The Canadian stock is down more than 5% year to date and is trading close to 20% below all-time highs. Still, the energy stock has almost doubled the returns of the Canadian market over the past five years.

Canadian stock #2: Enghouse Systems

High-priced tech stocks led the way for growth investors during the market's impressive recovery last year. It's been a different story in 2021, though, as investors witnessed the high-flying tech sector slow down earlier this year.

Enghouse Systems (TSX:ENGH) lost 30% in barely over a month in early 2020. The tech stock then rebounded with an incredible bull run that returned more than 100% in growth to shareholders in fewer than four months.

Shares are down over 20% from all-time highs set in 2020 but the tech stock is showing signs of a rebound. The Canadian stock is up over 15% since the beginning of June this year.

Enghouse Systems has returned 125% over the past five years, so it shouldn't come as a surprise to hear it's not exactly a cheap stock. But at a forward price-to-earnings ratio of 30, it's very reasonably priced compared to its tech peers.

Canadian stock #3: WELL Health Technologies

Last on my list of top Canadian stocks on sale is **WELL Health Technologies** (TSX:WELL).

The telemedicine stock is coming off a year where it grew more than 400%. Unsurprisingly, demand for the company's telemedicine services exploded during the pandemic, which resulted in market-crushing growth for the stock in 2020.

Of the three companies on this list, I think WELL Health Technologies has the highest potential to deliver multi-bagger growth to shareholders over the next five years. Even though the stock quadrupled last year, it's still only valued at a market cap of less than $2 billion.

It's trading below all-time highs right now, but I'm betting that won't last for long. This is one growth stock that I'd have at the top of my watch list right now.

CATEGORY

1. Energy Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:ENGH (Enghouse Systems Ltd.)
2. TSX:NPI (Northland Power Inc.)
3. TSX:WELL (WELL Health Technologies Corp.)

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