2 Canadian Stocks on Sale That Should Be on Your Radar

Description

The Canadian stock market had a rough last week of September. The **S&P/TSX Composite Index** limped into October down more than 3% from highs earlier in the month. Still, the index is up an impressive nearly 15% year to date.

Canadian investors have been enjoying an incredible bull run since early 2020. The market is up more than 50% since the bottom of the COVID-19 crash, so it shouldn't come as a surprise to hear that the market is general is richly valued right now.

As a long-term investor, I'm not overly concerned with the likely volatility in the short term. My focus remains on buying high-quality companies and holding for the long term. I'm also comfortable paying a premium for a Canadian stock that has loads of market-beating growth potential.

Even at the market's current valuation, there are still deals to be had. Here are two top Canadian stocks trading below all-time highs that I've got on my radar right now.

Canadian stock #1: Lightspeed

A recent report has sent shares of **Lightspeed Commerce** (TSX:LSPD)(NYSE:LSPD) spiraling. The stock ended September with a loss of more than 20% in the last week of the month. The tech stock is now sitting close to 25% below all-time highs.

New York-based research firm Spruce Point Capital Management heavily criticized Lightspeed's business and valuation in its recent report. It alleged that the tech company has been inflating its revenue numbers and other key metrics of the business.

Lightspeed management quickly responded by addressing the serious allegations, highlighting the inaccuracies of the report.

As a current Lightspeed shareholder, I was surprised to see such a negative report. Lightspeed stock has done nothing but impress investors since it joined the TSX in 2019, and I'm not expecting the market-beating growth to end anytime soon.

The Canadian stock is trading at a premium, but it's one that I'm willing to pay based on the company's growth potential. Shares are valued at a lofty price-to-sales ratio above 50. And that's even with a 20% drop over the past few days.

It's certainly not a cheap stock, but it is trading at a rare discount. If you're looking to add some growth to your portfolio, this is an opportunistic dip that I'd suggest taking advantage of.

Canadian stock #2: Northland Power

Now's the time to load up on shares of top renewable energy stocks. While the broader market has been soaring through 2021, many of the leaders in the renewable energy sector have been lagging behind the market's returns.

Northland Power's (TSX:NPI) nearly $10 billion market cap ranks it as one of the largest renewable energy providers in the country. It also has a wide product offering, which includes hydro, wind, and solar renewable energy options.

This Canadian stock won't be able to match the growth of Lightspeed. It does, however, have the potential to be a consistent market beater over the long term while also paying shareholders a respectable dividend.

The energy stock is up a market-beating 60% over the past five years and is yielding close to 3% at today's stock price. You won't find many other Canadian stocks that offer that kind of mix of growth and passive income.

Down 20% from all-time highs, this renewable energy stock is at the top of my watch list right now.

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2. Investing
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1. Editor's Choice

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2. TSX:LSPD (Lightspeed Commerce)
3. TSX:NPI (Northland Power Inc.)

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