



2 Stocks Still on Sale in a Ridiculously Overpriced Market

Description

The Canadian stock market seems to have recovered from a devastating month in September. Last month turned out to be one of the worst for the performance of the **S&P/TSX Composite Index** since it recovered from the pandemic-fueled selloff frenzy in February and March 2020. The benchmark index has recovered to near its previous all-time high level, with the rally led by a [strong performance by the energy sector](#).

Despite the terrific rally, you can find high-quality TSX stocks still trading for a discount. Today, I will discuss two [undervalued stocks](#) trading at attractive valuations today, making them ideal investments to consider adding to your portfolio right now.

Absolute Software

Absolute Software ([TSX:ABST](#))([NASDAQ:ABST](#)) is a stock that has gone through a massive correction in the last 12 months. The stock is trading for \$14.05 per share at writing, down by almost 32% from its valuation in February 2021. The stellar tech rally in the stock market was bound to trigger some kind of correction in the sector, and the downturn proved to be the catalyst that finally made it happen.

However, the demand for its services is expected to remain high, even as lockdown restrictions ease up. It is likely for many businesses to continue with a work-from-home approach to work after the pandemic ends, ensuring that the demand for better cybersecurity solutions will sustain in the coming years. It could be the perfect time to pick up its shares before it begins an uptrend towards a more reasonable valuation.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is one of the energy companies slated to benefit from rising crude oil prices. The pandemic struck the integrated energy company hard. However, the situation has improved for the \$43.20 billion market capitalization stock, as economic activities continue to get

better. Despite a rally in the energy sector off the back of rising oil prices, Suncor stock is trading for \$29.10 per share at writing.

Suncor stock's share price at writing is at a steep 35% discount from its pre-pandemic levels. Investors bullish on the improvement of the economic environment could find this a valuable addition to their portfolios. You can expect Suncor stock to outperform the broader market due to the positive overall outlook for the industry in the coming months.

Foolish takeaway

As the S&P/TSX Composite Index re-enters what can only be called a ridiculously overpriced territory again, it is rare to find high-quality stocks that can still deliver upside to shareholders. However, the skid last month sent several of the top TSX stocks spiraling down, and a few of them have yet to recover to better valuations.

Suncor Energy stock and Absolute Software stock could be ideal additions to your investment portfolio to help you leverage significant short- and long-term capital gains to [grow your wealth](#).

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

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2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ABST (Absolute Software)
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