



3 Underperforming Canadian Stocks to Buy Now

Description

When companies are underperforming, it could be an early red flag and a signal to sell. The company could have lost its competitive advantage. Its industry could be on the decline or facing a major disruptor. Or maybe new management has taken over and they haven't performed as well as their predecessors. However, at other times, when a Canadian stock underperforms, it can be one of the best opportunities to buy while it's cheap.

Every now and then, a high-quality company will underperform for a short period. So often, these are some of the best times to gain exposure, especially if you continue to believe in the stock's potential long-term. So if you're looking for a high-quality investment in a Canadian stock today, here are three underperforming stocks to buy now.

A top Canadian value stock to buy now

One of the cheapest Canadian stocks for investors to buy right now is **High Liner Foods** ([TSX:HLF](#)), a leading North American processor and marketer of frozen seafood. While High Liner may operate in a niche industry, it has over 120 years of experience and 50 years as a leader in its sector.

Plus, its operations span North America, and the company sells over 30 species of seafood under several brand names to both retail stores and restaurants.

While the stock has underperformed in recent years, and at times the company has struggled with its margins, it has still generally been consistently profitable. In addition, it has been consistently earning strong free cash flow, which it has used to pay down debt and even buy back shares.

So for years now, the company's balance sheet has continued to gain strength, and High Liner has grown its book value considerably. Therefore, with the stock trading at a forward price-to-earnings ratio of just 10.1 times, it's undoubtedly one of the cheapest Canadian stocks for investors to buy now.

A massive gold stock trading undervalued

Another high-quality Canadian stock you may want to consider buying now is **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD). There's no question that gold stocks are some of the cheapest on the market. Over the last year, Barrick's stock is down by more than 30% compared to gold prices which have declined by just 6%.

Barrick is one of the largest and most diverse gold stocks you can buy. It has operations globally, which helps to lower its risk and allows it to be strategic about where and when it wants to produce its gold. This makes it an excellent gold stock to own long-term. And because it's so cheap today, now is the most opportune time to buy this Canadian stock.

At current prices, Barrick trades at a forward enterprise value to [EBITDA](#) ratio of just 5.5 times, which is considerably cheap. So if you're looking for gold exposure and want to buy one of the largest Canadian stocks while it's still undervalued, Barrick offers a tonne of potential. I'd buy it soon, though. It looks like gold stocks could rally any day.

A high-potential growth stock trading extremely cheap

Finally, and possibly the best opportunity, is **AcuityAds Holdings** (TSX:AT)(NASDAQ:ATY), an AdTech company that has been on a significant downtrend for months. Eventually, something's going to have to give, though. Its stock only continues to get cheaper while its business continues to grow. And when the [growth stock](#) hits that inflection point, it could offer investors a tonne of upside.

Just over a year ago, AcuityAds launched its highly anticipated illumin platform. illumin is a self-serve platform that allows advertisers to better manage their engagement with customers leading to better returns on advertising spending. The platform enables advertisers to plan, buy and see results on a single platform and in real-time.

Its game-changing technology and should lead to significant growth, which is why AcuityAds is one of the best Canadian stocks to buy now while it trades this cheap. The analysts covering AcuityAds all seem to agree too. Of the four analysts currently covering the stock, all have it rated a buy.

Furthermore, the average target price is \$19 — a 114% premium to its current price. So if you're looking for a Canadian stock to buy undervalued, they don't get much cheaper than AcuityAds.

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2. OTC:ILLM.F (Illumin)
3. TSX:ABX (Barrick Mining)
4. TSX:HLF (High Liner Foods Incorporated)

5. TSX:ILLM (AcuityAds)

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