# 3 Top Undervalued Stocks to Buy With $300

### Description

Despite the concerns related to the new variant of COVID-19, I maintain a bullish view on stocks and expect equities to deliver stellar returns in the medium to long term. Supporting my optimism is the strength in consumer demand, steady economic growth, solid liquidity, and recovery in corporate earnings.



While Canadian stocks have mostly trended higher over the past year, a few continue to offer good value and look attractive at current levels. We'll focus on three such Canadian stocks trading at a discount and have solid growth prospects.

## Suncor Energy

Shares of **Suncor Energy** (TSX:SU)(NYSE:SU) took a massive hit during the pandemic. However, a gradual increase in crude oil prices, improving volumes, and higher demand led to a partial recovery in Suncor stock. Despite the recent price appreciation, it is trading at a significant discount from its pre-pandemic levels, while oil prices have bounced higher, making it a solid long-term pick.

It is worth noting that Suncor's integrated assets, higher production volumes, increased utilization, and favourable revenue mix provide a solid foundation for growth. Furthermore, its efforts to lower operating costs and reduce debt levels position it well to generate stellar earnings in the coming years. I expect the positive secular industry trends will continue to boost its funds flows from operations and increase its stock price.

Thanks to its robust cash flow-generation abilities, Suncor is likely to continue to boost shareholders' returns through regular dividends and buybacks. Suncor currently offers a dividend yield of about 3%.

## Cineplex

The COVID-19 pandemic weighed on the operations of the entertainment company **Cineplex** (TSX:CGX). As a result, Cineplex stock is trading at a steep discount from its pre-pandemic levels.

However, I see this decline as a good buying opportunity but strictly for long-term investors.

With the growing pace of vaccination, I believe the company's theatres and entertainment business will soon return to normal and operate at pre-pandemic levels. Notably, the normalization of its operations will likely give a significant boost to its financials and, in turn, its stock.

I expect to see continued improvements in its revenues, traffic, and net cash burn in the coming quarters, which would support the full recovery in its stock price. Moreover, a strong slate of movies, food delivery services, solid subscription programs, and cost-savings measures augur well for future growth.

## Absolute Software

**Absolute Software** (TSX:ABST)(NASDAQ:ABST) has corrected significantly from its peak. Profit booking and a general selloff in tech stocks due to the expected normalization in demand amid economic reopening are the reasons behind the pullback in Absolute Software stock. It is trading at the next 12-month EV/sales multiple of 2.1, which is significantly lower than its historical and peer group averages.

Besides its low valuation, I expect the demand for Absolute Software's products to remain high, reflecting ongoing digital transformation and an increase in cybersecurity incidents. Moreover, its large addressable market, new products, and cross-selling opportunities bode well for growth.



Furthermore, Absolute Software's annual recurring revenue (ARR) will likely remain strong, which keeps me bullish on the company. I expect its strategic acquisitions to likely boost its ARR, diversify its product portfolio, and strengthen its competitive positioning in high-growth markets.

**CATEGORY**

1. Coronavirus
2. Energy Stocks
3. Investing
4. Tech Stocks

**TICKERS GLOBAL**

1. NASDAQ:ABST (Absolute Software)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ABST (Absolute Software)
4. TSX:CGX (Cineplex Inc.)
5. TSX:SU (Suncor Energy Inc.)

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**Date**
2025/08/19
**Date Created**
2021/10/21
**Author**
snahata