2 Incredibly Undervalued Canadian Stocks to Buy Now

Description

The broader markets are almost out of the seasonal period of weakness. What's up ahead? A period of seasonal strength, with a potential Santa Claus rally that could be coming to town. While there's no telling if 2021 will be a record year, despite the rolling corrections, investors would be wise to continue being buyers of incredibly undervalued Canadian stocks, many of which could have the most room to run in a year-end rally.

Insist on value at this juncture

Consider battered but strong firms with decent quarterly numbers that investors and analysts may have ignored over the past year. It's these neglected names that may be in for an upside correction in addition to a greater participation in a broader market rally. Indeed, such undervalued companies are hard to come by, unless you're willing to act as a true contrarian. In this piece, we'll check out two beaten-down TSX stocks that may offer you a chance to pay three quarters to get a whole dollar, so to speak.

Enter **Restaurant Brands International** (TSX:QSR)(NYSE:QSR) and **Great-West Lifeco** (TSX:GWO), which sport yields of 3.3% and 4.74%, respectively, at the time of writing.

Undervalued Canadian stock #1: Restaurant Brands International

Restaurant Brands International has been down and out for quite some time now, trailing the TSX Index for the year, with a meagre 0% returns year to date. Undoubtedly, COVID pressures have weighed heavily on the firm and its trio of restaurant brands. That said, the fast-food industry has been under similar pressure, yet they've already moved on. Despite clocking in two straight quarterly beats on the bottom line, investors still don't like the firm.

For investors seeking next-level value and what could be one of the cheapest turnaround, reopening stocks in Canada, shares of QSR are tough to ignore. The brands are powerful, and they will be roaring once COVID pressures have a chance to fall. Undoubtedly, many of the firm's restaurant locations are still shuttered, and it's getting tough to find labour in this environment. In due time, though, such issues will resolve themselves and QSR stock will find itself right back in the mix with the leaders of its industry.

Undervalued Canadian stock #2: Great-West Lifeco

Great-West Lifeco is an insurer that recently broke out to new all-time highs, just before the stock slipped around 7% for no real good reason. The company is performing remarkably well, despite COVID pressures, with four consecutive beats and counting. The company's brilliant managers are to thank for the stock's incredible relative performance over the past two years. Still, the stock still seems to discount the recent bout of strength and a potentially more favourable (higher interest rates?) industry environment that may be up ahead.

The stock trades at 0.6 times sales and 10.6 times trailing earnings. That's way too cheap for a company that's firing on all cylinders, with long-term catalysts that could fuel a potential multi-year rally. Furthermore, the juicy nearly 5% dividend yield can help investors offset the impact of inflation that could remain stuck in the 4-5% range for many more months or quarters to come.

CATEGORY

1. Investing

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2. TSX:GWO (Great-West Lifeco Inc.)
3. TSX:QSR (Restaurant Brands International Inc.)

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