3 Incredibly Undervalued Canadian Stocks to Buy Right Now

Description

The Canadian stock market's current bull run isn't stopping me from going shopping. Even though the **S&P/TSX Composite Index** is up 20% year to date, there are still deals to be had.

I've put together a list of three top Canadian stocks that are currently trading at a discount. All three are at the top of my watch list right now.

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From a valuation perspective, these market-beating stocks are very reasonably priced. While they may not be the fastest-growing stocks on the **TSX**, they're well worth the price they're trading at today.

Canadian stock #1: Algonquin Power

Growth investors may not have much interest in utility stocks, but **Algonquin Powe**r (TSX:AQN)(NYSE:AQN) should be an exception.

The $11 billion company is up a market-beating 70% over the past five years. And that's not even factoring in a dividend that's yielding above 4% right now.

Algonquin Power won't be lighting the world on fire with its growth anytime soon, but the Canadian stock has much more to offer than just growth.

The company's 4.5% dividend yield alone is enough of a reason for a passive income investor to be interested. But it's the combination of growth, passive income, and defensiveness that has Algonquin Power on my watch list.

Utility stocks are some of the least volatile companies to own on the TSX. Due largely to dependable revenue streams, earnings tend to be fairly predictable quarter after quarter, which keeps volatility low.

If growth, passive income, and defensiveness aren't enough to put this Canadian stock on your radar, maybe its price will.

Shares are down more than 10% from all-time highs. On top of that, the utility stock is trading at a reasonable forward price-to-earnings (P/E) ratio below 20.

Canadian stock #2: Sun Life

To follow up on one boring stock, I've included another pick that growth investors may initially want to shrug off.

At a market cap now over $30 billion, **Sun Life** (TSX:SLF)(NYSE:SLF) is the second-largest insurance provider in the country. With a global presence, though, the market opportunity is a massive one for this Canadian stock.

Similar to Algonquin Power, there are a few reasons to be interested in becoming a Sun Life shareholder. The Canadian stock is no stranger to outperforming the market, it pays a respectable 3% dividend yield, and is trading at rock bottom prices.

If you're looking to balance out some high-valued picks in your portfolio, but still want to have the opportunity to earn market-beating growth, this Canadian stock deserves a spot on your watch list.

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Canadian stock #3: Enghouse Systems

Finally, I've included a discounted tech stock that growth investors may be much more interested in.

Shares of **Enghouse Systems** (TSX:ENGH) are down 30% from where they were just over one year ago. Still, the Canadian stock is up a market-crushing 125% over the past 12 months.

There's no question the tech stock has had a wild ride throughout the pandemic. The stock got a bit ahead of itself last year surging close to 100% in the three months following the COVID-19 market crash.

The company's long-term growth potential is still largely intact. And now that its stock price is trading at a much more reasonable forward P/E ratio of 30, it's certainly got my attention.

CATEGORY

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2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:ENGH (Enghouse Systems Ltd.)
4. TSX:SLF (Sun Life Financial Inc.)

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