2 Under-the-Radar Canadian Stocks to Buy in November 2021

Description

With the market at all-time highs, some Canadians may be hesitant to invest today. The **S&P/TSX Composite Index** is up more than 20% this year and 80% since late March 2020. There's no question that it's been an incredible past 20 months for Canadian investors.

As a long-term Foolish investor, I'm not too concerned with the market's valuation today. I'd agree that the Canadian stock market is richly valued right now, but there are plenty of high-quality TSX companies that I'm looking to add to my portfolio before the end of the year.

I've reviewed two Canadian stocks that are high up on my watch list right now. They may not be the most talked-about TSX stocks, but that doesn't mean they're not worth owning.

Canadian stock #1: Enghouse Systems

The tech sector was one of the hottest areas of the market in 2020. Following the COVID-19 market crash, many tech companies went on to deliver multi-bagger growth by the end of the year. It's been a different story in 2021, with a lot of those high flyers in 2020 trailing the market this year.

Enghouse Systems (TSX:ENGH) managed to surge more than 100% in just three months following the COVID-19 market crash. Unfortunately for shareholders, though, the stock hasn't managed to return to the high it set more than 12 months ago.

Shares are down nearly 15% year to date and 30% from all-time highs. Still, the Canadian stock is up a market-crushing 105% over the past five years.

It's been a tough go as of late for Enghouse Systems shareholders, but now may be an opportunistic entry point for long-term investors. The stock is reasonably priced at a forward price-to-earnings (P/E) ratio of 30. It's not the cheapest Canadian stock around, but considering its strong market-beating track record, it's a steal.

Canadian stock #2: Sun Life

Insurance companies are far from the most exciting stocks to own, but they are reliable. The industry as a whole has not changed all that much in years, and I don't see the demand for insurance declining anytime soon.

At a market cap of $40 billion, **Sun Life** (TSX:SLF)(NYSE:SLF) is the second-largest insurance provider in Canada. The company has customers all across the globe, though, with Asia projected as a key growth driver in the coming years for the insurance provider.

When factoring in dividends, shares of the Canadian stock have slightly outperformed the market over the past five years. Market-beating growth isn't the main reason I have Sun Life on my watch list, though.

The market's run throughout COVID-19 has over-indexed my portfolio to high-priced growth stocks. It's not necessarily a bad problem to have, but it does require me to make some rebalancing adjustments. As a result, I'm in search of a low-volatile Canadian stock to add to my portfolio.

Sun Life is up close to 25% on the year, and that's not even including its impressive 3.7% dividend yield. On top of that, I'd say it's still largely undervalued at today's price. The Canadian stock is trading at a very cheap forward P/E ratio of barely over 10.

If you're in the same boat as me, looking to reduce some volatility in your portfolio, Sun Life is a perfect choice. The Canadian stock can help lower volatility, pay a healthy dividend, and drive market-beating gains over the long term.

CATEGORY

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