



Fire Sale? 2 Undervalued Canadian Stocks to Watch

Description

Severely undervalued Canadian stocks don't come around all too often, but when they do, investors should seriously consider adding them to a watchlist or consider nibbling on shares into weakness. Fire sales and huge bargains have been quite rare these days. Just ask the Oracle of Omaha, Warren Buffett, who previously admitted that there weren't as many bargains, also justifying his selling activity into the market rally over the past few quarters. The man is telling it like it is.

That said, just because he doesn't have fire-sale names on his radar doesn't mean you won't come across one, especially on the **TSX Index**, which seems to have more in the way of value.

Without further ado, consider watching shares of **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) and **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), two [very high-quality](#) dividend payers that strike me as too cheap heading into the final month of 2021. Both names are in very different industries, but their resilience, I believe, has been heavily discounted amid the past two years of COVID-induced turbulence.

Restaurant Brands International

Restaurant Brands International is a fast-food behemoth that recently added a fourth brand to its trio, Firehouse Subs, in a deal worth US\$1 billion. Undoubtedly, the brand has found a spot with consumers within its markets of operation. Still, the brand hasn't really tested out the broader waters.

That's why the deal could be an amazing one. If Restaurant Brands can replicate the brands' success in other parts of the U.S. and Canada, the acquisition could prove to be genius. Popeyes Louisiana Kitchen was an incredible success for the company, and I do think that Firehouse Subs, a small chain, could grow to become the next big thing in QSR's portfolio.

In the meantime, investors will likely discount the deal's growth prospects over the long run in favour of COVID-19 woes and sluggish sales at Burger King or Tim Hortons. At the end of the day, a powerful brand will always shine through. And for that reason, QSR is nothing short of a bargain that's been punished over nearer-term headwinds that have caused some to lose sight of the longer-term

fundamentals.

Suncor Energy

Suncor Energy is a [top](#) dividend play in the oil sands. After reducing its payout last year in the heat of the COVID crisis, when oil imploded like a paper bag, many investors jumped ship, and it doesn't seem like many are keen on returning. Why? The tides have turned in the oil patch in a big way, with West Texas Intermediate (WTI) blasting off above US\$80 briefly before pulling back modestly over the past week. Oil remains well above levels that should justify a higher multiple on such a resilient integrated energy company.

Warren Buffett bought and sold shares in the past. Today, he's out of the name, but I think he'll be proven wrong over the course of years, as Suncor gets its momentum back. For now, Suncor stock is cooling off amid oil's breather. If oil plunges further, Canadians may have a shot to get in at below \$30 per share. The stock trades at 1.3 times book value, with a beta of around two.

Stay Foolish, my friends!

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2. NYSE:SU (Suncor Energy Inc.)
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4. TSX:SU (Suncor Energy Inc.)

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