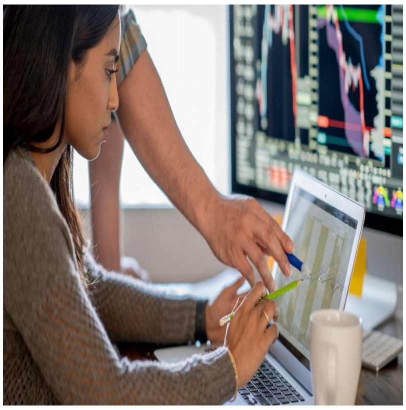

The 2 Best Cheap Canadian Stocks to Buy Right Now

Description

The Canadian stock market is up over 20% year to date and is trading near all-time highs. It's been a volatile ride throughout this pandemic, but the bulls have not had much to complain about. The **S&P/TSX Composite Index** is up 80% since the bottom of the COVID-19 market crash in 2020.

Considering the market's recent gains, it shouldn't come as a surprise to hear that it's not a cheap time to be investing in Canadian stocks. Many TSX companies are trading at record highs with valuations that have even some growth investors hesitant to buy.

Long-term investors, with time on their side, don't need to be as concerned as short-term investors with the market's valuation today. I'd definitely agree that the market as a whole is richly valued, but I'm not letting that affect my investing strategy all that much. My focus is still on buying high-quality businesses with strong competitive advantages.

Even though the market's valuation isn't largely affecting my investing strategy, it still does have an impact. Rather than looking to add a high-priced growth stock to my portfolio today, for my next buy, I'm looking more towards value-oriented Canadian stocks to invest in.

At the top of my watch list are **Algonquin Power** (TSX:AQN)(NYSE:AQN) and **Air Canada** (TSX:AC). The two picks have strong market-beating track records but are trading far below all-time highs right now. Here's why even growth investors may be interested in these two discounted Canadian stocks.

Canadian stock #1: Algonquin Power

There are a few reasons why a Canadian investor may be interested in owning shares of this utility stock. Algonquin Power can provide an investment portfolio with market-beating growth, dependability, and passive income.

All that for a very fair price of a forward price-to-earnings ratio of below 20. On top of that, shares are down about 20% from all-time highs. Now could be a very wise time to start a position in Algonquin Power.

Utility stocks aren't typically known for driving growth. But because Algonquin Power has exposure to the growing renewable energy sector, it's been a strong market beater in recent years. Shares of the Canadian stock are up 80% over the past five years. That's not even including its nearly 5% dividend yield, either.

In addition to growth and passive income, dependability and defensiveness are why Algonquin Power is on my watch list. The predictable revenue streams in the utility industry often lead to utility stocks seeing low-volatility levels. Meaning that a Canadian stock like Algonquin Power can help balance out some of the more high-growth picks in a portfolio.

Canadian stock #2: Air Canada

Down 50% from all-time highs, Air Canada is high up on my watch list. The Canadian stock has an impressive market-beating track record, considering the airline industry is not known for its growth.

After tanking 70% in less than one month in early 2020, Air Canada stock rebounded incredibly well. Shares more than doubled by the end of the year following the COVID-19 market crash early last year. The airline stock is still trading well below pre-COVID-19 levels but now may be an opportunistic time to start a position.

We're beginning to see parts of our lifestyles return to what they looked like before the pandemic. And once you factor in all the pent-up consumer demand for travel, it may not be long before Air Canada is back to all-time highs and delivering market-crushing gains.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AC (Air Canada)
3. TSX:AQN (Algonquin Power & Utilities Corp.)

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