2 Top Value Stocks to Buy and Hold for 20 Years

Description

Despite the recent pullback, the **S&P/TSX Composite Index** is up by 18.45% year to date. The equity market is shy of its recent all-time high levels, but it is still up by over 75% from its March 2020 low. Considering the circumstances, it makes sense for investors to be worried about investing in an expensive market.

Many TSX stocks are trading close to all-time highs, but the stock market is not without opportunities for investors seeking undervalued stocks. Short-term investors might have more reasons to hesitate when investing at current levels. However, long-term investors with plenty of time to buy and hold might consider that there is plenty of room for high-quality businesses to grow and provide them with long-term returns.

Today, I will discuss two Canadian stocks that have been beaten down and could be trading for attractive valuations if you have a long investment horizon. Reading about the two value stocks as long-term investments might help you make a more informed investment decision.

Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is an $11.67 billion market capitalization, Canadian, renewable energy and regulated utility conglomerate. Utility businesses are not typically considered assets that could drive growth for investment portfolios. However, Algonquin Power boasts significant renewable energy operations — an industry that has provided market-beating returns in recent years.

Besides its renewable energy operations, Algonquin Power stock generates highly predictable revenues through rate-regulated utility assets. The company boasts the stability of traditional utility businesses combined with the growth potential of renewable energy companies. At writing, the stock is trading for $17.37 per share. It is down by over 16% at writing, and it boasts a juicy 4.94% dividend yield that you could lock into your portfolio today.

Air Canada

Air Canada (TSX:AC) might not be a stock you would want to add to your portfolio after all the challenges it has faced during the pandemic. The $7.53 billion market capitalization giant in Canada's airline industry boasts a market-beating track record in an industry not reputed for its growth. However, the battered airline stock is down by almost 60% from its all-time highs at writing.

Air Canada stock rebounded well after declining by over 70% within a space of a month during 2020. Air Canada stock is trading well below its pre-pandemic highs, despite its recovery. Rising vaccination rates could subside some of its immediate challenges. However, it may take a long time for the stock to recover to levels, where it can offer you market-crushing investment returns.

Foolish takeaway

Algonquin Power stock and Air Canada stock present you with long-term value opportunities that you could consider.

A utility business with a growing presence in the renewable energy industry might provide strong and market-beating returns in the coming years. A battered flag-carrying airline business that has seen rough times due to the pandemic may begin soaring again once the world returns to a relative level of normalcy and international travel demand resumes.

Investing in the stock market right now will likely come with a significant degree of volatility. However, these two stocks could be excellent long-term bargains if you are willing to stomach the risk that comes with allocating capital to the equity securities today.

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adamothman