



## 2 Cheap Canadian Stocks to Buy in a Volatile Market

### Description

Canadian investors have dealt with high levels of volatility over the past several weeks. The uncertainty surrounding the new COVID variant has been a major reason for the recent price swings in the market. And since it's not looking like we're anywhere near past this pandemic, I wouldn't bank on the volatility slowing down just yet.

But just because the market is volatile doesn't mean it's not an opportunistic time to go shopping. Even amid all the volatility as of late, it's been an incredibly strong year for the market in 2021. The **S&P/TSX Composite Index** is up just about 20% on the year.

The Canadian market may be soaring, but investors need to be wary of valuation today. Many companies on the TSX are trading at very expensive valuations, which is another contributing factor to the market's recent volatility.

With that in mind, I'm looking to add a couple of undervalued defensive companies to my portfolio this month. My portfolio skews towards [high-growth](#) tech stocks, so I've had my share of volatility over the past few weeks. To help balance that out, I've got these two Canadian stocks on my watch list right now.

Even with the market trading at all-time highs, they're both trading at [cheap prices](#). If you're considering adding either company to your portfolio, now's the time.

### Algonquin Power

Investors won't find many more dependable companies to own than utility stocks. The predictability of the utility industry often leads to low levels of volatility, much to the delight of utility stock shareholders.

On my watch list in December is **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)). There's a lot to like about this \$12 billion utility stock. It can add dependability to your portfolio, pay a generous [dividend](#), and, in more years than not, can deliver market-beating gains.

Shares of the Canadian stock are up a market-beating 60% over the past five years. And that's not even including dividends. At today's stock price, Algonquin Power's annual dividend of \$0.85 yields an impressive nearly 5%.

Growth isn't the main reason I'm considering starting a position this month, though. It's the dependability that the Canadian stock can provide my portfolio. During inevitable market downturns, this is a company that I can count on to balance out my likely suffering high-growth holdings.

Down 20% from all-time highs, now's your chance to pick up shares at a discount.

## Toronto-Dominion Bank

The major banks have been some of the most dependable stocks for Canadian investors to own for decades. I certainly won't argue that bank stocks are the most exciting companies on the TSX to own. That being said, there's absolutely nothing wrong with boring when it comes to investing in individual stocks.

Similar to Algonquin Power, the major Canadian banks can provide your portfolio with income, growth, and dependability.

My top bank stock is **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). At a \$170 billion market cap, it's the second largest of the Big Five. And with a growing international presence, it could be on its way to the number one position in the coming decade.

Excluding dividends, shares of the Canadian stock have slightly outperformed the market over the past five years. I'm not expecting TD Bank to largely outperform the market anytime soon, but the company's growing international footprint is a primary reason as to why I'm banking on many more years of market-beating growth.

Even though the Canadian stock is trading near all-time highs, I'd still consider it cheap. Shares are trading at a very reasonable forward price-to-earnings ratio barely over 10. Considering what TD Bank can provide your portfolio, it's a steal.

### CATEGORY

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2. Investing

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
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