2 Insanely Cheap TSX Stocks to Buy Before the End of the Year

Description

It may come as a surprise to see many high-quality **TSX** stocks trading at discounts today with the market as a whole soaring. The **S&P/TSX Composite Index** is up close to 20% in 2021 and trading not far below all-time highs. Still, many top TSX stocks have struggled this year and are largely lagging behind the market's returns.

I've reviewed two market-beating stocks that are all trading at opportunistic discounts right now. Both companies are not only trailing the market's returns this year but are trading at a loss in 2021. If you have some spare cash this holiday season, I'd highly recommend having a look at these two picks.

Algonquin Power

For a utility stock, it's been a fairly volatile ride for **Algonquin Power** (TSX:AQN)(NYSE:AQN) shareholders over the past two years. Shares are down more than 10% year to date and close to 20% below pre-COVID-19 prices.

There are a few reasons why I've got Algonquin Power on my own watch list today. The TSX stock is capable of providing a portfolio with stability, passive income, and even market-beating growth.

In terms of stability, utility companies are some of the most dependable stocks Canadian investors can own. Predictable revenue streams tend to lead to lower volatility levels than other areas of the market.

If you feel that you're over-indexed to high-growth stocks in your portfolio, owning shares of a reliable company like Algonquin Power is a wise idea.

Even with the TSX stock's weak performance over the past two years, shares are still up a market-beating 60% over the past five years. That's not even including the company's impressive nearly 5% dividend yield, either.

It may be a slow road back to all-time highs, but patient long-term investors will be rewarded.

Air Canada

Airline stocks may not be top of mind for all investors today. With a new COVID variant quickly spreading across the globe, I'd expect that many people have needed to cancel holiday travel plans, which is, of course, not good news for airline stocks, including **Air Canada** (TSX:AC).

If I were investing for the short term, Air Canada would be nowhere near my watch list. The uncertainty in the airline industry right now makes it incredibly difficult to forecast short-term performance.

Even for travel companies themselves, it's not easy to predict how the business will perform over the next 12 months. If the airlines themselves are struggling to forecast performance, how can investors expect to fare any better?

If you're investing for the long term, though, Air Canada is an interesting buy at these prices. With shares down more than 50% from all-time highs set prior to the pandemic, long-term investors may be thanking themselves in a decade's time for starting a position at this discounted price.

Contrary to many of its North American peers, Air Canada has delivered multi-bagger gains over the past decade. It's the company's market-beating track record that has me thinking of starting a position in Air Canada this holiday season.

International travel will at one point return to pre-pandemic levels. It may take several years but we'll get there, which is exactly why most short-term investors likely have no interest in this TSX stock. If you've got the time to hold, though, I'm confident in Air Canada's ability to return to delivering multi-bagger gains.

CATEGORY

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2. TSX:AC (Air Canada)
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