2 Undervalued Stocks to Buy in December 2021

Description

Identifying and investing in high-quality and undervalued Canadian stocks is an excellent approach for investors with long investment horizons. Assets that offer substantial long-term wealth growth can be excellent additions to your investment portfolio.

The **S&P/TSX Composite Index** shows that the Canadian stock market is currently going through a downturn right now, sending most stocks on the TSX on the decline. It could be the perfect time to pick up shares of high-quality companies trading for a bargain right now.

Investing in the right stock could provide you with consistent returns during the downturn through reliable shareholder dividends and offer long-term wealth growth through capital gains during improving market environments.

Today, I will discuss two undervalued TSX stocks that you could consider adding to your self-directed portfolio today for this purpose.

Canadian National Railway

Canadian National Railway (TSX:CNR)(NYSE:CNI) is a $109.28 billion market capitalization Canadian Class I freight railway headquartered in Montreal, Quebec. The Canadian railway company boasts an extensive railway network that spans across North America, providing it with an edge over any potential peers in terms of dominating the industry.

The company tried extending its railway network further earlier this year by trying to acquire **Kansas City Southern**, a U.S.-based railway with routes in Mexico. However, its US$30 billion bid for the company did not pull through, causing an uncharacteristic decline in its share prices. The company has since moved forward with its initial plan to merge with **CP Rail**, and it walked away with extra cash due to the break fee.

At writing, the Canadian Dividend Aristocrat is trading for $154.50 per share, and it boasts a 1.59% dividend yield.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) is a Calgary-based $96.78 billion multinational pipeline company. The company is a behemoth among Canadian pipeline operators. It is true that the world is slowly gravitating towards green energy and plans to phase out fossil fuels. However, companies like Enbridge will be instrumental until the transition is complete.

The company is also preparing for a greener future by investing ample amounts of cash in green energy, and Enbridge already boasts a better ESG rating than many green tech firms in the market today. At writing, shares of the Canadian energy sector giant are trading for $47.77, and it boasts a juicy 7.20% dividend yield that you could lock into your portfolio today.

Foolish takeaway

Canadian National Railway and Enbridge are leaders in their respective industries. Recent weeks have seen the performance of both companies decline on the stock market. While these might be worrying signs for many investors, it could be an excellent opportunity to purchase high-quality stocks at a bargain.

CN Railway stock and Enbridge stock could be ideal investments if you have been searching for undervalued stocks that present substantial long-term upside for your investment portfolio.

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3. TSX:CNR (Canadian National Railway Company)
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Author
adamothman