



3 Undervalued Stocks to Watch Closely Right Now

Description

The search for undervalued stocks is always on. Of course, determining which stocks have true underlying value and which are value traps isn't so easy.

However, among the key metrics investors often use is quality. On the TSX, here are three of the highest-quality [value stocks](#) I think provide excellent long-term upside.

Let's dive in.

Top undervalued stocks: Barrick Gold

Past performance of gold miners has led many investors to avoid this group of stocks. However, **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) remains one of my top picks in this space. This is because this company's portfolio of mines and reserves is of the highest quality. Moreover, the companies increased efficiency and focus on operational excellence are some key factors that investors should take into account.

Barrick recently announced that it was able to expand its reserves to 69 million ounces in 2021. This represents a noteworthy improvement in comparison to last year's figures.

This company has reduced its debt significantly over the last 10 years further, which has improved its risk/reward scenario. Indeed, this has helped Barrick to mitigate risk; the company should continue to have a very stable cash flow position, even if the exploration efforts do not work out as planned.

For those who think gold prices are likely to remain strong, as I do, now could be a great time to get into this company that's valued at only [20 times earnings](#).

Alimentation Couche-Tard

Another company I've thought has been undervalued for quite some time is **Alimentation Couche-Tard**

([TSX:ATD](#)). This operator of gas stations and convenience store chains has been hit hard by the pandemic. As driving volumes declined, so too did this company's revenue streams.

However, the company's global presence and diversified revenue streams make for an enticing proposition as the global economy improves. Surging inflation has hit many stocks hard. However, Couche-Tard's ability to pass on price increases to its customer base provides some inherent defensiveness that I think is overlooked.

This company's goal of continuing to consolidate a fragmented industry is one I think could provide excellent long-term growth. Accordingly, this company's valuation of less than 16 times earnings is one many long-term investors can get behind right now.

Restaurant Brands

Another top defensive growth stock I think is an incredible opportunity for long-term investors seeking value is **Restaurant Brands** ([TSX:QSR](#))([NYSE:QSR](#)). One of the world's largest fast-food operators, Restaurant Brands is the parent company behind the Burger King, Popeyes, and Tim Hortons banners. As far as world-class brands go, Restaurant Brands has a nice, defensive moat.

This past quarter, the company reported better-than-expected earnings per share of \$0.74. Despite relatively strong results of late, Restaurant Brands stock has underperformed many investors' expectations. I'm one such investor.

That said, over the long run, there's a strong outlook for this company. Restaurant Brands's expansion plans into Asia and other growth markets remain. Organic same-store sales growth remains strong, and I think there's a tremendous amount of room to run in this regard.

Accordingly, long-term investors may want to take a hard look at QSR stock, which currently trades around 21 times earnings at the time of writing.

CATEGORY

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2. NYSE:QSR (Restaurant Brands International Inc.)
3. TSX:ABX (Barrick Mining)
4. TSX:ATD (Alimentation Couche-Tard Inc.)
5. TSX:QSR (Restaurant Brands International Inc.)

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Author

chrismacdonald

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