



3 Best Value Stocks to Buy in Canada

Description

Not every good discount is a good bargain, especially when it comes to stocks. Many heavily discounted Canadian companies offer nothing more than a lower-than-their-peers price tag. However, there *are* some value stocks that come with a [powerful return potential](#), making the discount even more alluring.

An apartment company

While Calgary is better known for its energy scene, there are Calgary-based companies from other sectors, like **Mainstreet Equity** ([TSX:MEQ](#)), that can steal the show. The company focuses on mid-market multifamily properties, primarily in Western Canada. It invests in these properties and focuses on organically growing its revenue potential through better management and capital improvements.

In over two decades, the company has grown its portfolio to include 405 properties (with about 15,598 suites) in 18 cities. Its affordable housing niche allows the company to perform well (financially) even when the market is down.

The stock, which has returned about 290% to its investors in the last five years alone, is currently available at a discounted valuation: price-to-earnings of 5.5 and price-to-book of 1.2.

An industrial REIT

Another great pick from the Canadian real estate sector, albeit with a different asset focus, is **Dream Industrial REIT** ([TSX:DIR.UN](#)). As the name suggests, [the REIT](#) focuses on industrial properties. Its current portfolio is made up of 239 diversified properties, including logistics, distribution, and other light industrial properties.

This portfolio positioning allows it to cater to the currently thriving e-commerce industry. But the REIT has been a steady grower since 2016.

And even though its capital appreciation potential is relatively modest (about 91% growth in the last five years), it's still capable of doubling your investment in around six or seven years. It offers a healthy dividend yield of 4.4% and is currently available for a discounted price and valuation.

An equity management firm

Clairvest ([TSX:CVG](#)) is a Toronto-based equity management firm that has been around for around 35 years. The company has minority and major stakes in a variety of businesses, and this diversity in partner businesses is one of the company's major strengths. It allows the company to spread out the risk across multiple industries.

And since there are at least a few industries thriving in any given market condition, the company has some inherent resilience through its diverse portfolio. These strengths are reflected in its stock as well. It's not a steady or rapid grower. Still, it has mostly gone in one direction in well over a decade (upwards), and considering its discounted valuation; it is highly likely to keep to that track.

Foolish takeaway

The three [undervalued stocks](#) show a lot of promise, especially when it comes to capital appreciation potential. And the lower value actually contributes to that potential. It offers investors confidence that the stock can go much higher before it's in line with its financial reality.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:DIR.UN (Dream Industrial REIT)

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