2 Undervalued Canadian Stocks Worth a Buy Right Now

Description

Investors are always on the lookout for undervalued stocks. On Canada's TSX exchange, the good news is that many Canadian stocks have been undervalued for some time.

Whether we're talking about energy, mining companies, or financials, Canada's index is highly value oriented. These companies tend to have lower, cash flow-based multiples. Accordingly, long-term investors seeking both passive income and meaningful but consistent growth, may want to dive into the TSX for some value.

Over the long term, value generally outperforms growth. And right now, we're in a midst of a rotation toward value. With that said, here are two top Canadian stocks I think are worth a look right now.

Undervalued Canadian stocks to buy: Manulife

Manulife (TSX:MFC) is an international financial services provider and insurance company that is based in Canada. It is also the largest insurance company in this country. In addition, based on institutional assets under management, this company is the 28th-largest fund manager in the world.

According to recent reports, Manulife has announced two agricultural acquisitions in Fresno County, California. These include an almost 900-acre pistachio orchard and 500-acre citrus, almond, and pistachio orchard.

Oliver Williams, Manulife's global head of agricultural investments, also made an announcement that the company is happy to add these high-quality orchards to its permanent crop portfolio. They believe that orchards are nature-based solutions that have the ability to provide excellent returns to their investors over the long term. In addition, these investments also provide social and environmental benefits.

Apart from this, Manulife has decided to expand its Vitality Program across its core products. Vitality is a two-tier membership program that comes with a range of enhanced benefits and rewards. Manulife took this decision as an initiative to provide its clients with smart insurance policies and help them lead healthier lives. The benefits of this program will be available from mid-November.

These business updates should bode well for Manulife, given its strong fundamentals. With excellent cash flows, a price-earnings ratio of 5.7 times, and a dividend yield of 6%, there's a lot to like about how this growth play in the insurance/financials space is set up for the long haul.

SmartCentres REIT

One of Canada's biggest fully integrated real estate investment trusts (REITs), **SmartCentres REIT** (TSX:SRU.UN), has 166 strategically located properties all around the country. It has 33.8 million square feet of income-producing retail space, with an impressive occupancy rate of 97.4%.

Currently, this stock is trading around $26 per share. However, I think this valuation is understating the company's growth prospects.

Indeed, as per the company's second-quarter results, there's a lot to like on this front. The company's net income, as well as comprehensive income per unit, increased to $0.90. Moreover, the REIT's net rental income showed growth of 4.9% or $5.8 million year over year.

Furthermore, SmartCentres recently acquired industrial land of almost 38 acres in the Pickering area. Construction has already begun for the 16-acre, Phase-1 development. This growth project should provide more net income growth over the medium term.

With their smart investments and view for future growth, these two companies are set to provide growing profits in the coming years. Their dividend yields are quite attractive, as are their valuations. Thus, long-term investors looking for undervalued Canadian stocks have a lot to like with these two picks.

CATEGORY

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2. TSX:MFC (Manulife Financial Corporation)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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