



3 Top Undervalued Stocks to Buy Right Now

Description

Inflation fears are once again building. Accordingly, investors seeking defensiveness are often looking to [undervalued stocks](#) in this environment.

Fortunately for investors, the TSX happens to have some great options. Let's dive into three stocks providing such value alongside defensive growth.

Top undervalued stocks: Manulife

Long-term investors seeking undervalued stocks have rightly targeted the insurance sector. Indeed, top insurers such as **Manulife** ([TSX:MFC](#))([NYSE:MFC](#)) continue to trade at incredible valuations. Investors can pick up shares of Canada's largest insurance company for under [seven times earnings](#) at the time of writing.

That's cheap.

Indeed, Manulife's domestic exposure is as impressive as the company's international reach. Manulife is a growing insurance player in key Asian markets such as China. I think this is a company trading at a ridiculous valuation relative to its long-term prospects. Accordingly, this is one of those top undervalued stocks investors would be remiss to ignore right now.

Suncor Energy

In the energy sector, one of the top undervalued stocks that has been on my radar for some time has been **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)).

Why?

Well, Suncor's status as a top-notch Canadian energy play is unquestioned. Additionally, the cash flows Suncor produces have become much more stable in recent months. As energy prices have

stabilized at higher levels, Suncor has become a cash flow-producing machine.

Accordingly, I like Suncor's 3.5% dividend yield in this environment, as well as the company's long-term capital appreciation outlook. This is a stock that's as defensive as it is undervalued. Accordingly, I think long-term investors should consider Suncor as a key energy play today.

Cenovus Energy

Sticking in the energy sector, **Cenovus Energy** ([TSX:CVE](#))([NYSE:CVE](#)) is another stock I see as having tremendous value today.

This oil and gas producer has benefited from rising commodity prices of late. Indeed, Cenovus's current balance sheet concerns have been alleviated perhaps to a greater degree than its peers as a result of these energy price increases. This is because the company took on a significant debt burden as a result of its recent acquisition of Husky.

However, the Husky deal certainly looks to have been well timed, with increased production on the horizon. I expect to see impressive cash flow growth from Cenovus over the medium to long term, assuming energy prices remain elevated. For now, investors have a top-quality value stock at their disposal in Cenovus right now. This is a company currently trading off its 52-week highs, and well off its pre-pandemic levels. Should the company rebound as many expect it to, tremendous potential capital appreciation could be on the horizon with Cenovus stock.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. NYSE:MFC (Manulife Financial Corporation)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:CVE (Cenovus Energy Inc.)
5. TSX:MFC (Manulife Financial Corporation)
6. TSX:SU (Suncor Energy Inc.)

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