3 Undervalued Stocks to Buy on the TSX Today

Description

Just because the broader Canadian market is soaring doesn't mean there aren't any deals to be had. The **S&P/TSX Composite Index** is up 15% year to date, but there are still plenty of bargains to be had by long-term Canadian investors.

Here are three top TSX stocks that value investors will want to have on their radar right now.

Algonquin Power & Utilities

Utility companies are some of the most dependable stocks investors can own. They certainly aren't the most exciting, but there's nothing wrong with boring when it comes to long-term investing.

Regardless of the economy's condition, consumers and businesses will need to pay their utility bills. That's exactly why investors can count on utility stocks year in and year out.

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is on my radar right now, because it has a growth element to it that many of its peers cannot match. The $12 billion utility company also provides its customers with a wide range of renewable energy options.

The company's growing renewable energy division has been a key reason why the stock has been a market beater in recent years. Shares of Algonquin Power & Utilities are up more than 60% over the past five years compared to the market's 45% gain. And that's not even including the utility stock's impressive 4.3% dividend yield.

Algonquin Power & Utilities, like many others in the renewable energy sector, is trading at a discount right now. Green energy stocks exploded in 2020 but have been going through a pullback in recent months. Shares of Algonquin Power & Utilities are down nearly 15% from all-time highs set earlier this year.

Kinaxis

High-flying tech stocks led the way for growth investors in 2020. But the sector has been going through a selloff in recent months, including **Kinaxis** (TSX:KXS).

Shares of the tech company were up a market-beating 80% in 2020. Demand for the company's supply chain software surged during the pandemic. The abrupt change in consumer shopping behaviour created all kinds of chaos for supply chain management teams, making Kinaxis's software all that more important for its customers.

After an incredible run in 2020, though, shares have had a rough go over the past six months. The stock is down more than 20% year to date, while the Canadian market is nearing a 15% gain. But even with the stock's recent selloff, shares are still up 185% over the past five years.

At a price-to-sales ratio above 15 today, shares of the tech stock aren't cheap, but I'd say they are undervalued. After skyrocketing in price last year, the stock is going through a natural selloff, as its price may have gotten a little ahead of itself in 2020.

Canadian investors need to pay a premium today to own top growth stocks in the tech sector. Shares of Kinaxis aren't necessarily cheap, but they are trading at an opportunistic discount if you're looking to add some growth to your portfolio.

Royal Bank of Canada

The Canadian banks have been among the top-performing stocks this year. Interest rates remain low, but the banks seem to be hitting new all-time highs every other day.

Shares of Canada's largest bank, **Royal Bank of Canada** (TSX:RY)(NYSE:RY), are up 20% year to date and close to 40% over the past year. Even with the incredible bull run, the stock is still trading at a very favourable forward price-to-earnings ratio barely over 10.

The banks likely won't put up this type of growth on a yearly basis, but that's fine by me, because growth isn't the main reason I have one of the Big Five on my watch list. RBC can not only provide its shareholders with long-term growth potential, but stability and passive income too.

At today's stock price, RBC's annual dividend of $4.32 per share earns investors a yield of 3.4%.

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