



## 2 Value Stocks That I'd Buy Before Air Canada (TSX:AC)

### Description

**Air Canada** ([TSX:AC](#)) was one of the most beaten-down stocks in 2020. The major airline saw its share price tank 70% in barely over one month early last year. It has since rebounded impressively well, but there is still a relatively even split between bulls and bears on Air Canada stock.

The bulls will argue that the airline stock is far too undervalued to pass up this opportunity of picking up cheap shares. Along with Air Canada, the airline industry will surely recover, as there will always be demand for air travel, the bulls would argue.

The bears, the side I stand with, see Air Canada stock as a value trap. I'd agree that initially, Air Canada stock was a tempting buy when it was trading as low as almost \$10. But after surging close to 100% over the past year, I think [value investors](#) have better options on the **TSX** right now.

### Short-term bearish, long-term bullish

Don't get me wrong, I'm bullish on the country reopening this year. I'm just bearish on air travel returning to pre-COVID-19 levels anytime soon. Canadians across the country are eager to get out and travel, but I don't think we'll see that translate into as large of a demand for air travel as many might think.

If you're like me, skeptical of the air travel industry's ability to bounce back this year, there are other value plays that may be more interesting to you than Air Canada stock.

### Sun Life Financial

Investing in insurance stocks might not be as exciting as the return of air travel, but exciting stocks aren't always what you want in your portfolio.

Reliable stocks, such as insurance companies, provide portfolios with much-needed stability. Growth may not outperform the broader market on a yearly basis, but long-term patient investors will certainly have the potential to earn [market-beating growth](#) when investing in Canada's top insurance stocks.

At a market cap of \$35 billion, **Sun Life Financial** ([TSX:SLF](#))([NYSE:SLF](#)) is Canada's second-largest insurance provider. The company provides all kinds of insurance policies to both individual consumers and businesses across the globe.

Along with many other financial stocks, Sun Life took a major hit during the COVID-19 market crash. The stock lost almost 50% in value in barely over one month. But after bottoming out in late March, the insurance stock has been on an impressive bull run, now nearing a gain of 75%.

Sun Life has been acting like a growth stock over the past year, but I think shares are still undervalued. The insurance stock is trading a very favourable forward price-to-earnings (P/E) ratio of about 10 today.

## Northland Power

At a forward P/E ratio close to 30, not everyone would consider investing in **Northland Power** ([TSX:NPI](#)) a value play. That being said, shares of the green energy stock, along with many others in the sector, are trading at a [rare discount](#) right now.

Shares of the \$10 billion renewable energy company are up more than 100% over the past five years. The majority of that growth coming in 2020 alone. But over the past two months, shares have dropped more than 10%, giving [Canadian investors](#) a rare chance to pick up shares of a top renewable energy stock on sale.

Renewable energy is one of the sectors that I'm most bullish on over the next five to 10 years. Green energy investors have been seeing growth steadily rise over the past few years, but that really took off in 2020. Not even a global pandemic could slow the growth of many energy companies across the country.

Northland Power isn't the cheapest stock you'll find on the TSX. But considering its growth potential over the next decade, a 10% discount and a forward P/E ratio under 30 should put this stock at the top of your watch list today.

### CATEGORY

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2. Investing

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1. TSX:AC (Air Canada)
2. TSX:NPI (Northland Power Inc.)
3. TSX:SLF (Sun Life Financial Inc.)

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