



2 Top Value Stocks to Buy in March 2021

Description

Growth stocks drove the market in 2020, but value stocks could be making a comeback this year.

Many **TSX** stocks are still feeling the effects of the COVID-19 market crash. While growth stocks had no problem rebounding from March lows last year, some companies have yet to return to all-time highs.

Not many people could have predicted the market's movements last year. Even amid a pandemic, the **S&P/TSX Composite Index** managed to end the year positive. But even with plenty of optimism in the market right now, as the country is preparing to re-open, it's anybody's guess as to how the year will end for the stock market.

Here are two TSX [value stocks](#) that are great buys this month. Both companies are undervalued at these prices and have the potential to be excellent [long-term holds](#) for Canadian investors.

Enghouse Systems

At a forward price-to-earnings (P/E) ratio above 30, I wouldn't consider **Enghouse Systems** ([TSX:ENGH](#)) necessarily cheap. But as of today, it's trading more than 20% below all-time highs, so it's certainly trading at a favourable discount.

For a value stock, Enghouse Systems offers investors a high chance of delivering market-beating growth. It does also pay a dividend but yields just 1%. Growth remains the main reason that I'd have this discounted stock on my watch list right now.

The \$3 billion company is in the business of software development. Its clients consist mainly of enterprise-level companies that are looking for software solutions. Remote work, visual computing, and communication tools are three areas that the value stock specializes in. So it's no surprise that the stock soared through 2020, as the percentage of employees working remotely skyrocketed.

After trending steadily downwards since July of last year, shares are beginning to rebound. The value stock is up more than 10% over the past month. It looks like it won't be long until Enghouse Systems is back to delivering market-beating growth to its shareholders.

Sun Life Financial

Insurance might not be the most exciting industry, but it sure is a reliable one. No matter the economic condition, insurance policies will always be in demand from both individual consumers and businesses.

At a market cap of nearly \$40 billion, **Sun Life Financial** ([TSX:SLF](#))([NYSE:SLF](#)) is Canada's second-largest insurance provider. In addition to insurance, it also provides its customers with access to retirement planning and wealth management services.

At a forward P/E ratio of 10, Sun Life is definitely trading at a bargain price. The value stock has been on an impressive run over the past six months, but at a price-to-book ratio of barely over 1.5, shares of the insurance stock are still reasonably priced.

Sun Life is far from a growth stock, but market-beating growth is not out of the question for patient [value investors](#). Shares are up more than 50% over the past five years, which has outpaced the Canadian market's returns of 40%.

In years where Sun Life doesn't manage to outperform the market, it still provides investors with a top dividend. At today's stock price, the company's annual dividend of \$2.20 per share earns investors a respectable yield of 3.40%.

Foolish bottom line

Growth stocks are making all the headlines today, but there are some top TSX companies trading at discounted prices. Investing in insurance companies or stocks on six-month skids isn't as exciting as buying the next-hottest growth stock, but patient investors have the chance to be well rewarded by buying either Sun Life or Enghouse Systems and holding for the long term.

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TICKERS GLOBAL

1. TSX:ENGH (Enghouse Systems Ltd.)
2. TSX:SLF (Sun Life Financial Inc.)

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Date

2025/08/14

Date Created

2021/03/24

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