Value Investors: 2 Beaten-Up Canadian Stocks to Buy Today

Description

As a value investor, I'm always on the hunt for stocks of terrific businesses that are priced at a discount to their intrinsic value. Although many would argue that the markets are looking frothy and expensive after the recent "Trump Bump," I believe there's still a lot of value to be found, especially on the TSX exchange, which has been a huge laggard this year. The

The **S&P/TSX Composite Index** is down almost 1% year to date, so there are opportunities if you know where to look. There are a lot of financially distressed businesses on the TSX, but I don't like "cigar butts"; I like stocks of businesses with solid long-term fundamentals that have been temporarily beaten up.

Here are two intriguing stocks that you should consider picking up while they're still out of favour.

Fairfax Financial Holdings Ltd. (TSX:FFH)

Fairfax is down about 27% from its all-time high thanks to poorly timed investment decisions made by the long-time bearish investor, Prem Watsa, who's referred to as Canada's Warren Buffett.

It struck many investors by surprise when Prem Watsa suddenly turned bullish following Donald Trump's presidential victory. Fairfax has been known to be a safe place to hide in the event of a recession, but with Mr. Watsa taking on a bullish stance, many doomsday investors may have lost faith in Fairfax.

Although Mr. Watsa changed his stance, he's still not 100% bullish right now, as he still owns consumer price index–linked derivative contracts, which will provide downside protection in the event of a downturn.

Mr. Watsa believes Trump will give the economy a boost, but he also realizes that stocks are quite expensive right now. If you believe in Canada's Warren Buffett, then now is a fantastic time to buy shares while they're out of favour.

Smart REIT (TSX:SRU.UN)

Smart REIT is arguably one of Canada's best retail REITs. The trust offers an attractive 5.34% yield and is off about 17% from its all-time high. The general public is running scared over the rise of e-commerce giants and the death of the shopping mall, but I think these concerns have been blown way out of proportion.

Smart REIT has a portfolio of high-quality tenants that probably won't be closing many locations because of the stresses caused by the rise of e-commerce giants. Many of Smart REIT's malls are anchored by **Wal-Mart**, which is a huge driver of mall traffic.

Going forward, the company plans to become a more diversified REIT through the development of mixed-use properties across Canadian hotspots, which will give Smart REIT exposure to residential and office properties that will supplement its impressive portfolio of retail properties.

Stay smart. Stay hungry. Stay Foolish.

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1. TSX:FFH (Fairfax Financial Holdings Limited)
2. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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