Forget High Tech: Go Low Tech With These 2 Companies!

Description

The advantages to investing in traditional companies with solid balance sheets, and the ability to weather any sort of bear market that may or may not be on the horizon have been my focus of late. As valuation multiples have continued to climb, risk factors for high-growth stocks in sectors sporting innovative business models, or those with the potential for exponential growth, will, in my opinion, be the worst performers in any sort of environment in which economic performance wanes.

For investors looking to go low tech and look at companies with larger moats, I would encourage them to take a deeper look at the following two companies.

Canadian Tire

As far as brick-and-mortar retail stores go, **Canadian Tire Corporation Limited** (TSX:CTC.A) is one shining example of a company with the potential to continue to sustain long-term growth with a big-box store model, which has increasingly gone out of favour with many investors, and for good reason.

The e-commerce revolution, which has continued to redefine how consumers shop for their everyday goods, is a threat Canadian Tire's management team is taking seriously. Through implementing a technology-first mentality, the management team at Canadian Tire is well positioned to integrate new technologies into the company's already very successful low-tech retail model to optimize returns over time.

Additionally, the fact that approximately one-third of the company's revenues come from brands that are owned and controlled by Canadian Tire is a massive asset which may not be currently priced in to Canadian Tire's stock price. Having control over how, and where, Canadian Tire products are retailed is integral for the company in maintaining control over its back-end supply chain and its front-end profitability.

Shares of Canadian Tire are trading 7% below their all-time high seen earlier this year, with a meaningful dividend of 2.1% and excellent growth potential for long-term fundamental investors given a price-to-earnings (P/E) ratio of less than 16.

Cenovus

Since my initial buy recommendation for **Cenovus Energy Inc.** (TSX:CVE)(NYSE:CVE) approximately two weeks ago, the company has seen its share price appreciate slightly, as fundamental investors considering growth opportunities among beaten-up stocks in Canada's oil and gas sector pile in to names such as Cenovus at depressed levels.

While I anticipate shares of Cenovus are likely to continue to feel the pain of financial markets, which have rightfully priced in serious headwinds to this sector over the next year or so, Cenovus remains atop my list of companies with the potential to break out in the medium term and provide meaningful long-term capital appreciation for investors willing to sit and wait.

Shares of Cenovus are trading at a deep discount of more than 70% from 2012 levels, and investors are thus able to pick up shares of this company at a mere 0.73 price-to-book multiple and 3.9 P/E multiple, making this company a clear steal in my books at this valuation.

Stay Foolish, my friends.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:CVE (Cenovus Energy Inc.)

PARTNER-FEEDS

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1. Dividend Stocks
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