Buy These 2 TSX Stocks for Infrastructure Upside

Description

Infrastructure is a key area to invest in for an economic recovery. It’s both essential to societal function and packed with growth potential. Notably, construction was one of the first sectors to return to normal operating activity during the pandemic. A post-vaccine boom could see this area experience a boom in activity. This could range from basic maintenance to exciting new projects designed to expand and enrich communities across the country.

From transport to energy and medical care to manufacturing, infrastructure takes in the full gamut of civic functioning. As such, the strongest publicly traded businesses in this sector offer investors exposure to a swathe of rewarding assets. Despite this, two names have been trading at lower valuations this week. **Badger Daylighting** (TSX:BAD) was down 3.8% at the start of the week in anticipation of its earnings report.

Buying stocks amid a frothy earnings season

A strong buy for investors seeking maintenance names for their portfolios, Badger Daylighting is well known for its hydro-excavation services. Road maintenance and debris removal for a large part of its business operations. Its vacuum truck services company are active across Canada and the U.S. and are often seen engaged in infrastructural work, including construction support.

Meanwhile, **Aecon Group** was down 1.8% at the start of the week, deepening to a five-day 3.2% decline by midweek. Its post-earnings performance has left something to be desired. However, this opens a slight value opportunity for investors seeking access to this key building and maintenance name.

Bullish investors may expect construction projects to increase as the country comes out from under the pandemic. However, bearish observers may point to the connection between recession and construction declines. In the middle of these two positions, though, rests the possibility for an overdue Canadian infrastructure boom.

Building for the future

Both names are solid buys for the long-term investor seeking infrastructure stocks. However, given the state of the market, investors may want to employ a build-and-trim method right now. This involves buying shares on weakness, building positions across multiple events. This reduces capital risk brought about by backing up the truck on single dips. Instead of timing the market, investors make use of gradual deterioration during a down cycle.

Investors need to weigh their exposure to risk in the current market. One key deciding factor should be an investor's financial horizons. As such, REITs, for instance, arguably should not be part of a retiree's stable of asset types at this time. However, for the younger investor, a fistful of real estate names could provide a boost of income in better years down the line.

One way to get around a frothy market is to buy shares on weakness, slowly building a larger position over time. For instance, while Badger was trading lower at the start of the week, investors had pushed it up 5.7% by midweek in anticipation of its Q2. Investors expecting a boom in construction further down the road should therefore consider building a position in Badger when it pulls back.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:BDGI (Badger Infrastructure Solutions Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Dividend Stocks
2. Investing

Date
2025/08/26
Date Created
2020/08/05
Author
vhetherington