



2 Attractive TSX Index Dogs to Buy Right Now

Description

The **TSX Index** has been lagging major U.S. indices south of the border, some of which have recently surged above their pre-pandemic all-time highs. While it may seem the generational buying opportunity is over and that it'd be a better idea to hoard cash to wait for the next market crash, you may find yourself waiting a ridiculously long time, perhaps missing out on a continued rally that could dwarf the impact of the next crash or bear market.

Good investors invest

Don't be a wallflower, just waiting around for a repeat of the events that unfolded back in February and March, because like it or not, a repeat of the [crash](#) may not happen over the time frame you want it too. Looking back, the coronavirus crash turned out to be one of the best buying opportunities of all time. Such opportunities are rare, so if you're going to keep waiting in cash to avoid the threat of market volatility, you'll have to put up with the growing threat of rising inflation instead, arguably the scarier of the two risks for younger investors who are a decade or more away from their expected retirement dates.

Now, you don't need to exhaust your liquidity reserves into stocks. But you should seek to have a reasonable exposure to the equity markets to balance the risk of losing money in a sell-off and the risk of missing out on gains by holding cash that could lose ample purchasing power from the insidious effects of inflation.

This piece will have a look at two attractive TSX Index "dogs" that I think possess a decent margin of safety at current levels. They currently sport solid dividends and could stand to correct to the upside in a big-time way over the next five years and beyond.

Nutrien

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) is a fertilizer kingpin that's been feeling the full force of the prolonged downturn in agricultural commodities.

As one of the most efficient potash producers on the planet, Nutrien has a pretty wide moat. Still, the company will continue to be at the mercy of exogenous factors that dictate the price of the underlying commodities it produces. Right now, such commodities are at the low end of the cycle, but that doesn't mean Nutrien will make you rich in a timely fashion, as commodity prices can stay depressed for years at a time.

Fortunately, Nutrien has a robust retail business to bolster an operating cash flow stream that's able to support the 4.8%-yielding dividend. The company is also highly liquid (1.34 current ratio) with minimal long-term debt, so it has the time to wait for the tides to turn. Today, the stock trades at a 4% discount to book value, making the stock a terrific deep-value bet.

Aurora Cannabis

Aurora Cannabis ([TSX:ACB](#))(NYSE:ACB), a value stock? Believe it. The cannabis bubble has now burst, and Aurora stock finds itself down around 93% from its 2018 all-time highs. With today's deeply discounted shares, investors should be all over shares, but that's simply not the case, as pot stocks are no longer in the headlines, and euphoric speculators have since moved on the "sexier" things.

At the time of writing, Aurora stock trades at 0.36 times book value and 3.9 times sales, which is absolutely ridiculous given the now muted expectations for the budding industry.

Like Nutrien, investors should treat Aurora as nothing more than a producer of a commodity. As I've mentioned countless times in [prior pieces](#), urging investors to curb their euphoria on pot stocks, cannabis is nothing more than a commodity. Anybody can produce it.

The only distinct advantages for commodity producers are their lower costs of production. And still, such low costs of production will not keep a licensed cannabis producer from taking a hit when the price of the underlying commodity falls under pressure.

Sure, Aurora is undervalued. Like Nutrien and other commodity producers, however, the real gains are likely only to be realized by extremely long-term investors willing to put up with months', if not years', worth of meagre performance.

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