



2 TSX Stocks to Buy as Markets Set Record Highs

Description

It was a crazy start to the year for the **TSX** and stock indices around the world, with a market crash almost no one saw coming. However, many indices have now recovered, and some are even starting to reach new highs.

2020 has been the perfect example of why investors need to be ready for anything. While many could argue that the market was due for a crash at the start of the year, nobody knew it would happen the way it did.

Furthermore, if you asked people in March whether they thought that stock indices could reach all-time highs before the end of August, most people would have said no.

This is why investing can be somewhat tricky. If you don't have the time or desire to keep up to date with what's going on and monitoring your portfolio often, you may be better off using a passive investment strategy and buying what Warren Buffett recommends for most retail investors: index funds.

If you do want to pick your own stocks to invest in, you must be consistently aware of everything that's going on and ready for anything to happen.

Stock market reaching new highs

This past month we saw the **S&P 500** and other stock market indices reach record highs. In Canada, the TSX is down just 7% from its pre-pandemic high on February 20.

With so many stocks at all-time highs, you may be wondering where to find high-quality TSX stocks to buy today.

Usually, a bull run like this causes investors to look for an undervalued stock to continue to participate in the rally. However, given the rapid rally while we're still in the pandemic, you may also want to consider a defensive stock.

Undervalued TSX stock

For investors who have adequate defence in their portfolios and are looking for a high-potential stock that's still undervalued, an outstanding stock to consider is **Corus Entertainment** ([TSX:CJR.B](#)).

Corus is a media company that makes most of its money through its TV assets. The stock is trading down nearly 50% in large part because advertising revenue took such a big hit in the second quarter.

The massive hit to revenue had a big impact on Corus, but the company has remained strong, and management opted not to trim the dividend.

This is thanks to its high-quality financials and the work the company did to reduce its debt over the last few years.

Down nearly 50% from its 52-week high, the stock is extremely undervalued, and over the next few years, as the economy recovers, Corus has the potential to more than [double your money](#).

While Corus is a solid stock, it operates in an industry that's more vulnerable to the impacts of the pandemic. It's a worthwhile buy for investors with adequate defence in their portfolios.

However, if you lack enough defensive stocks in your portfolio, that should be your priority.

Defensive TSX stock

If you think you may need to add more resilience to your portfolio, you may want to consider a stock like **North West Company** ([TSX:NWC](#)).

North West is an intriguing business. The company owns grocery stores and other supermarkets, providing essential goods to residents in predominantly remote communities.

Because these communities are remote, North West has very little competition, which is part of what makes the company so appealing.

The TSX stock also has several other positive factors. One of the biggest opportunities is the integration the company has invested in the last few years.

By bringing their cargo airline in house, North West can better control its costs, which will lead to improved profitability down the road.

And while the stock continues to find new ways to improve its business, it also pays out a massive 4.5% dividend. That's considerably more than its peers, making it a [top dividend stock](#) in the consumer staple industry.

Bottom line

As markets reach new highs while we are in the pandemic, it's crucial investors proceed with caution

first. If you don't have enough defensive TSX stocks in your portfolio, that should be your top priority.

If you do feel like your portfolio is resilient enough, then you may want to consider an undervalued stock with considerably more potential.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CJR.B (Corus Entertainment Inc.)
2. TSX:NWC (The North West Company Inc.)

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