
2 TSX Stocks Trading at a 50% Discount

### Description

TSX stocks struggled when the coronavirus hit. The **S&P/TSX Composite Index** shed 40% of its value in a matter of weeks.

Then something amazing happened: markets rebounded. Today, most indexes are approaching all-time highs. The bargains of March are now quite expensive.



But not all stocks are pricey. Some still trade at *huge* discounts.

## Buy cheap real estate

Property values were hit hard during the coronavirus, but the residential market is bouncing back strongly. The same can't be said for retail and office properties.

Consider **Brookfield Property Partners** (TSX:BPY.UN)(NASDAQ:BPY). The company's real estate portfolio is 40% office space and 40% retail locations. Work-from-home initiatives and rolling shutdowns, not to mention lower consumer confidence, have crushed these properties. At one point, less than 50% of retail tenants paid their monthly bills.

It should be no surprise to learn that the stock trades at a 50% discount to its book value. That book value is pretty close to what the company paid for the assets.

The market is saying that these assets will be permanently impaired. That's hard to believe considering the company owns some prized assets, including First Canadian Place in Toronto and Canary Wharf in London.

Even company executives believe the stock is too cheap. This summer, the company announced a "substantial issuer bid" to repurchase nearly $1 billion in stock.

If you think real estate still has a future, Brookfield Property should top your buy list. Shares could double based on a valuation reversion alone.

## The best TSX stock of 2020

The market is sleeping on **Fairfax Financial** (TSX:FFH), but you shouldn't. This is one of the all-time best investments in Canadian history.

Since 1986, shares have returned roughly 14% annually. That's an incredible multi-decade streak. A $2,000 investment would now be worth $170,000. To make $1 million, you needed to invest just $12,000.

But this stock pick isn't about the past — it's about the present. Given the company's long-term track record, you'd think shares would trade at a premium. Not the case! Right now, Fairfax stock trades at big discount to its book value. What's the problem?

Fairfax runs the same strategy as Warren Buffett. The company owns a bunch of insurance businesses that generate regular cash. That cash is invested in private and public markets. The insurance profits plus investment gains are what create shareholder value.



Every investor goes through dry spells, especially if the time frame spans multiple decades. But it's only the long-term performance that matters.

When Buffett has a bad year, **Berkshire Hathaway** stock often trades at a discount to its historical average. Investors who snap up shares look smart in hindsight.

The same should prove true with Fairfax. The company has a long-term track record that only Buffett can match. As with Berkshire, buying Fairfax whenever shares have gone on sale nearly always resulted in a big profit.

Even Fairfax is betting on itself by repurchasing 13 million shares. That's roughly 10% of its entire share count!

You need patience for this pick, but it's a rare chance to buy a proven winner at a discount.

**CATEGORY**

1. Coronavirus
2. Dividend Stocks
3. Investing

**POST TAG**

1. Editor's Choice

**TICKERS GLOBAL**

1. TSX:BPY.UN (Brookfield Property Partners)

2. TSX:FFH (Fairfax Financial Holdings Limited)

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1. Business Insider
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rvanzo