



3 Oversold TSX Stocks Due for a Big Bounce

Description

It's the week before the U.S. presidential election and volatility is in the air, with the indices retreating in a big-time way on Wednesday on rising COVID-19 cases. Panicking never made anybody money, and if you were kicking yourself for having not bought anything back in the depths of March, you may have a chance to redeem yourself with some of the severely-oversold names that could be due for a big bounce in a potential December "Santa Claus" rally.

There's no telling how much farther this market has to fall in the near-term. Regardless, if you spot a bargain, you should still seek to scoop it up. This piece curates three oversold **TSX** stocks that I believe have a favourable risk/reward trade-off at this most uncertain of market crossroads.

Brookfield Asset Management

Brookfield Asset Management (TSX:BAM.A)([NYSE:BAM](#)) is an alternative asset manager with one of the best managers out there. The firm was firing on all cylinders until the COVID-19 crisis knocked shares into the ditch. Dragged down by its real estate exposure (malls in particular), Brookfield is now trading at a bargain-basement valuation that's too good for most long-term thinkers to pass up.

With central banks committing to keeping interest rates near the floor for a longer duration of time, the appetite for alternative assets is likely to surge out of this pandemic. With more than enough liquidity in place to weather another storm of COVID cases, it's tough to find a firm with a risk/reward in the same league as Brookfield Asset Management.

BAM.A is a buy now and on further weakness, especially for long-term thinkers looking to play the zero-to-negative interest rate environment.

ONEX

ONEX ([TSX:ONEX](#)) is another widely-misunderstood investment manager caught skating offside when the COVID crisis hit. Having scooped up an airline in WestJet before the pandemic, ONEX was one of

many firms that were blindsided by the black swan event and shares have been punished severely in recent months.

On Wednesday, shares of ONEX went from oversold to severely oversold, with the name plummeting over 4.4% in a single session. The stock is now off over 45% from its all-time highs and looks to be headed back towards its March depths. While it's easy to give up on ONEX now that it's back on the retreat given its exposure to this crisis, I'd urge investors to stay the course and look to add while shares sport north of a 30% discount to their book value.

ONEX is still a terrific investment manager with a history of beating the **TSX Index**. As we emerge from this pandemic, ONEX is likely to be one of the firms leading the upward charge.

Suncor Energy

Finally, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) is one of the [oversold falling knives](#) that I think are worth catching while it's at its long-term support level at around \$15. There's no telling if the support will hold, but given you're nabbing paying a lofty (+30%) discount to book value, I'd say the risk/reward is heavily tilted in favour of long-term investors.

The company has a rock-solid balance sheet and will survive to see better days ahead. The company recently clocked in a tough third quarter that saw an operating loss of \$302 million. With oil prices on the retreat over lower demand, there's a real chance that Suncor may fall through its support level. Regardless, I still think the name is worthy of averaging into as the dividend yield looks to swell past the 6% mark.

Who knows? [Warren Buffett](#) may be scooping up more shares as you do.

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