



The 3 Best Lesser-Known Canadian Stocks I'd Buy in February

Description

Mr. Market is [anything but efficient](#) with his pricing of stocks these days. Just look at moves in names like **GameStop** and **AMC Entertainment**, which show that stocks don't always trade anywhere close to their intrinsic values. Indeed, shorting stocks in this market is a dangerous proposition. And recent WallStreetBets-driven moves should serve as a stark reminder that betting against stocks, even the seemingly worst ones at any given instance, can be harmful to your wealth. When it comes to markets, *anything* can happen.

As such, it's a good idea to stick with long positions if you're looking to build wealth over the long haul. Heck, you may even wish to look to thinly traded stocks that could be next in line to blast off, as most others forget about or bet against them.

In this piece, we'll have a look at two lesser-known Canadian stocks that look to have a solid risk/reward at this juncture — each name an unloved, cheap gem in an arguably expensive stock market. Without further ado, consider **ONEX** ([TSX:ONEX](#)) and **Badger Daylighting** (TSX:BAD).

ONEX: A Canadian stock at a big discount to book

I'll admit, a lesser-known investment holding company like ONEX can be pretty tricky to evaluate, especially in these unprecedented times. The company, which has consistently crushed the TSX Index over prolonged periods of time is now under pressure due to COVID headwinds. You may know ONEX for having scooped up WestJet Airlines before the world was propelled into a pandemic. While WestJet and many other holdings under the ONEX umbrella are under pressure, I think it would be a mistake to bet against a firm that's well equipped to come roaring on the other end of this crisis.

The Canadian stock is ridiculously cheap right now, with shares currently trading at a near 30% discount to its book value. Like many other COVID recovery plays that have pulled back in recent weeks, I view ONEX as a bargain that long-term thinkers should strongly consider buying on weakness. Shares are down around 6% in January thus far. So, if you seek deep value and above-average appreciation potential, look no further than the name.

Badger Daylighting: An underrated COVID recovery play

Badger is in the boring business of soil excavation.

With a fleet of non-destructive hydrovac-equipped trucks, the firm can conveniently deliver its essential service to firms that either need to expose buried infrastructure to the light of day (that's daylighting) or a means to lay out (under) groundwork for new assets. The Calgary-based company derives a lot of business from the oil and gas industry, which is poised to make a big comeback, as energy prices improve in the coming post-pandemic environment.

ESG (environment, social, governance) responsible investors can appreciate the "non-destructive" nature of the firm's hydrovacs, making the name suitable for millennials seeking to grow their wealth responsibly.

I'm a huge fan of the business as a [low-cost](#) way to play an infrastructure spending boom, which I believe could be in the cards over the next few years. Badger stock trades at a mere 2.3 times sales and 3.9 times book — a fair valuation for a firm that provides a vital service that could be in high demand for years to come.

CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:BDGI (Badger Infrastructure Solutions Ltd.)
2. TSX:ONEX (Onex Corporation)

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