



## These 2 TSX Stocks Rallied +13% Yesterday: 1 Is a Buy

### Description

The stock market is quite entertaining. It especially makes investors feel good when their stocks rally a lot, even if you're not planning to sell for the time being. Yesterday, there were multiple big movers on the **TSX**, including these stocks that rallied more than 13% in a day!

Amazingly, one of these stocks has turned a \$10,000 investment into almost \$37 million in 10 years.

### This energy stock rallied 29%

**Inter Pipeline** (TSX:IPL) stock took first place in having the biggest rally on the TSX yesterday. The reason being it was being acquired by **Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)).

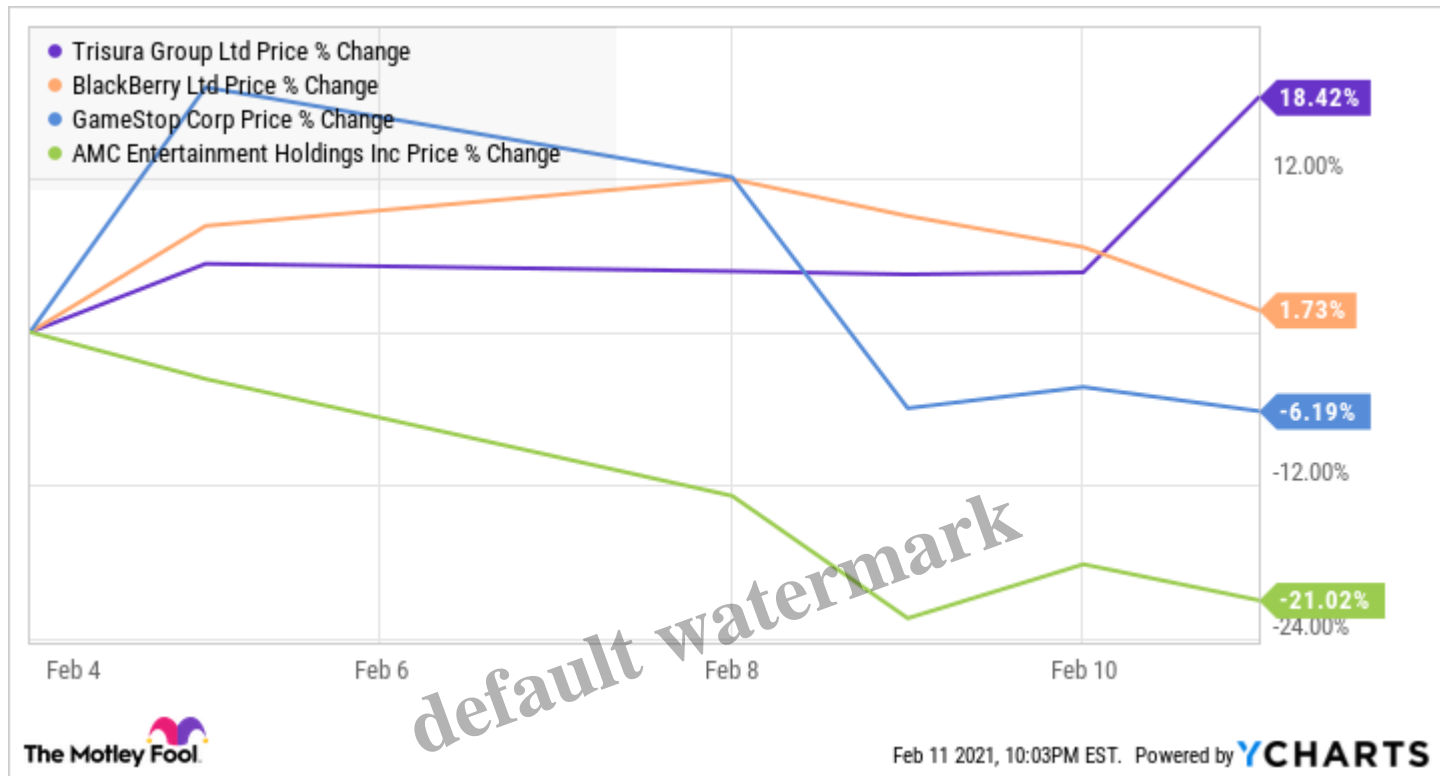
Usually when a public company is being acquired, its stock will rally hard because the acquirer tends to pay a premium to the stock market price before the announcement.

Indeed, Inter Pipeline was a value play when it traded at \$13.40 per share before the acquisition news. BIP already had an economic interest of 19.6% in Inter Pipeline — a position it began accumulating since the pandemic market crash in March 2020. On Wednesday, BIP announced the intention of buying IPL shares for \$16.50 per share.

IPL stock closed at \$17.32 per share yesterday, higher than the offer price, because there's a chance that BIP could raise the offer to \$17.00-\$18.25 per share if, for example, IPL can convince BIP the Heartland project has better prospects than seen on the surface.

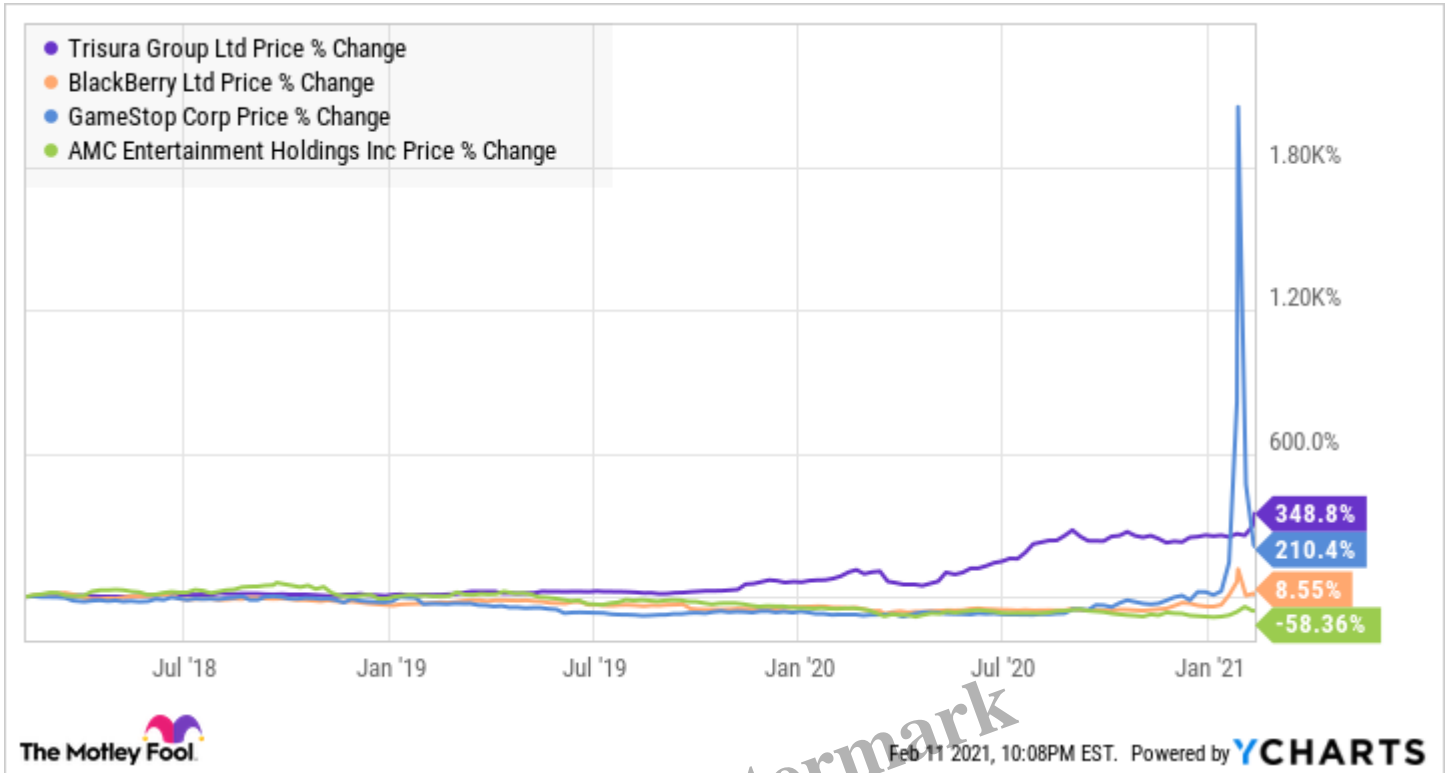
### This insurance stock just rallied 13%

Last week, I'd [urged investors](#) to forget about **BlackBerry** stock and other Reddit-pumped stocks like **GameStop** and **AMC Entertainment**. I suggested another stock — **Trisura Group** ([TSX:TSU](#)) — that had healthier price appreciation potential. Since then, Trisura stock has outperformed the three stocks that appeared to be in small and big bubbles.

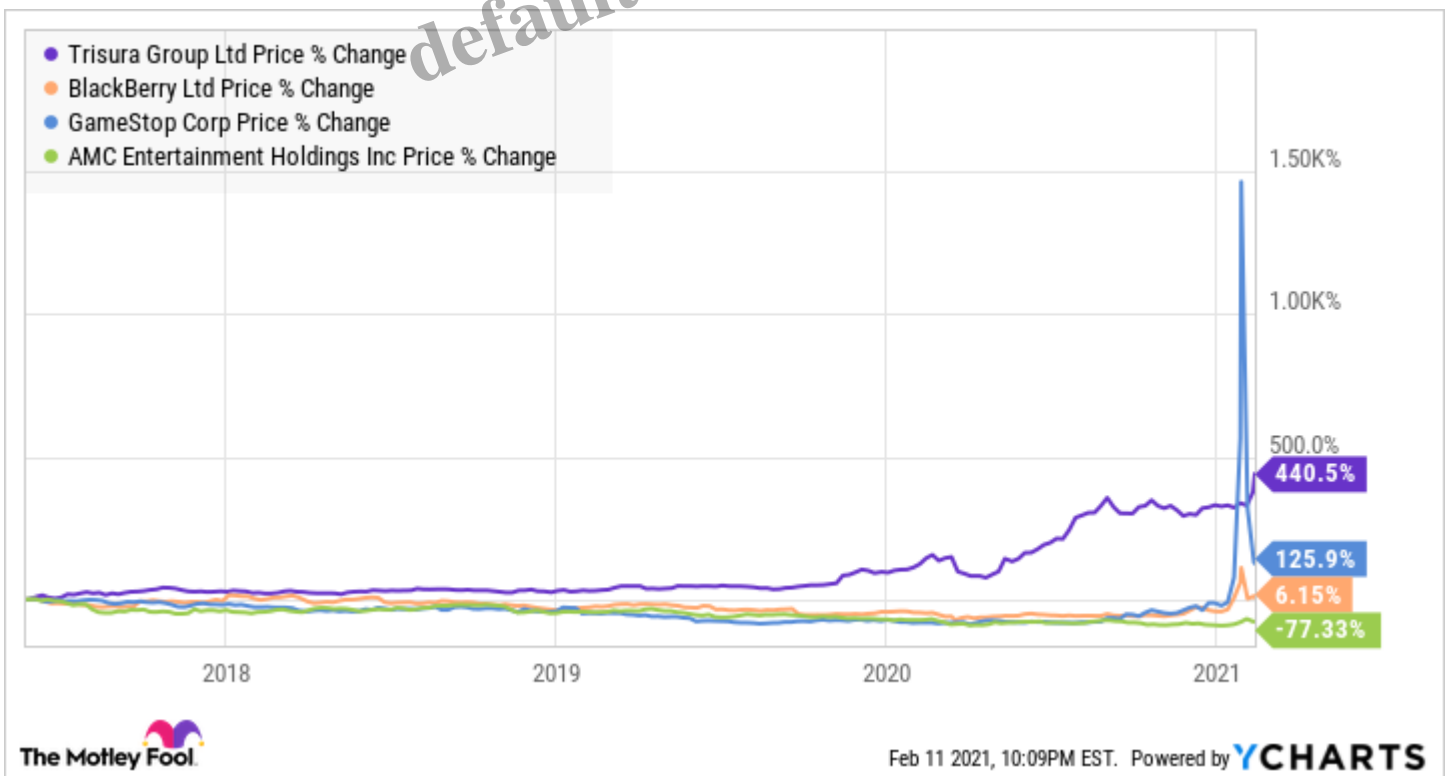


Data by YCharts. The stock price chart comparison of BB stock, GME stock, AMC stock, and Trisura since February 4, 2021.

More importantly, Trisura stock has been an extraordinary *long-term* investment. Most prominently, the chart at the bottom illustrates the wealth creation of staying invested in the wonderful business for 10 years — \$10,000 invested in Trisura stock would have transformed to \$36.95 million!



Data by YCharts. A three-year comparison of BlackBerry stock, GameStop stock, AMC Entertainment stock, and Trisura.



Data by YCharts. A five-year stock-return comparison of Trisura, BB stock, GME stock, and AMC stock.



Data by YCharts. The 10-year stock-return comparison of BB stock, GME stock, AMC stock, and Trisura.

Businesses or stocks that tend to win over time will likely continue winning. Therefore, I've placed a personal investment in Trisura.

## Trisura's 2020 results

Trisura just reported its 2020 results mid-week, which triggered the latest rally. Its gross premiums written more than doubled to \$926 million versus 2019. Net income of \$32 million was six times year over year. Adjusted earnings per share climbed 92% to \$3.68, while its book value per share rose 31%.

In 2020, the quality property and casualty insurance company increased its return on equity (ROE) to 13.4%, which is getting closer to its target ROE in the mid-teens. Additionally, Trisura improved its combined ratio in Canada, one of its key markets, to 85.5% from 87.8% in 2019.

What's more to like? Trisura has a strong balance sheet with a debt-to-capital ratio of about 9%. Therefore, it has the financial flexibility to fuel future growth.

## The Foolish takeaway

Inter Pipeline has popped to roughly the price that it will be acquired at. So, it would have little upside potential. After the rally, Trisura stock is close to fairly valued.

[Warren Buffett](#) prefers wonderful businesses at a fair price over fair businesses at a wonderful price. So, long-term investors should find greater value in buying shares of Trisura, as it looks like it has more room to grow and expand its profitability.

## CATEGORY

1. Energy Stocks
2. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
3. TSX:TSU (Trisura Group Ltd.)

## PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

## Category

1. Energy Stocks
2. Investing

## Tags

1. Editor's Choice

## Date

2025/08/21

## Date Created

2021/02/12

## Author

kayng

default watermark

default watermark