Top Pick Tuesday: 2 TSX Stocks to Buy Now and Hold Forever

Description

There's no question that it's going to take a historic year for 2021 to have a second half that's even comparable to the first. While most pundits are quick to shoot down second-half return prospects, I'd argue that anything is possible, especially for stock pickers who can pick and choose across a slew of names that may not be as fully reflective of the potential earnings boom that may be right around the corner.

Now, there are still real risks, most notably the Delta COVID-19 variant of concern that could induce a fourth major wave in Canada and the U.S. in spite of vaccination progress. In the U.K., things are taking a turn for the worst after many months of keeping the insidious coronavirus under control. It's not a great sign of things to come, as Canada reopening from its third wave.

Undoubtedly, the degree of unpredictability still could not be higher. The pandemic feels like it's almost over, as provinces reopen for business after many months of restrictions. Still, it's tough to tell if Canada will follow in the footsteps of the U.K. come September. As such, it may be too soon to reach the aggressive reopening plays, especially with many of them bid up so high ahead of the summertime reopening.

That's why I've been quite bearish on **Air Canada** stock of late. The potential rewards are high, but so too are the inherent risks. That's why I'm a huge fan of lower-multiple value names at this juncture, especially those in the beaten-down energy patch that has since turned a corner.

In this piece, we'll have a closer look at two TSX stocks I'd be comfortable buying and holding forever, regardless of when the pandemic ends.

Cenovus Energy

Cenovus Energy (TSX:CVE)(NYSE:CVE) is a beaten-down energy stock that still looks ridiculously cheap, even after posting a nearly full recovery from its 2020 plunge.

West Texas Intermediate (WTI) prices are riding high lately, and they could very well make a run to

US$80 and even US$100 over the next 18 months. Such a scenario would be the tide that lifts all boats in the Canadian energy patch. Still, as a less-loved, more innovative player in the oil patch, I think Cenovus could offer the most in terms of prospective returns in such a bull-case scenario.

The company has quite a bit of debt weighing down its balance sheet. But if its innovative extraction techniques are able to lower production costs over time, I'd argue that Cenovus is a better long-term bet for oil bulls willing to hold for at least three years.

Canadian Western Bank

Canadian Western Bank (TSX:CWB) is a regional bank I pounded the table on earlier last year when the stock crumbled. All of a sudden, Albertan exposure went from borderline toxic to very attractive, and all it took was a year for oil to recover its ground.

Most recently, CWB stock got a nice round of upgrades, as Fool Chris MacDonald pointed out in his excellent piece. MacDonald is most bullish on CWB, given the macro picture:

"There's reason to focus on the smaller, more regional banks right now for those bullish on this current environment. After all, these lenders are more heavily exposed to the bullish catalysts taking this sector higher. For those optimistic about the state of the yield curve from here, Canadian Western Bank is a great way to play the financials space," MacDonald wrote.

I couldn't agree more. CWB is a regional player (regional to western Canada and most recently Ontario), with a pretty low price of admission. The stock trades at 1.1 times book value, making it a screaming buy for investors who are bullish on the continued recovery in the fossil fuels space without having to risk their shirts on an indebted producer.

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2. TSX:CVE (Cenovus Energy Inc.)
3. TSX:CWB (Canadian Western Bank)

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