



Forget a Correction! 2 Dirt-Cheap Canadian Stocks to Buy Today

Description

You've probably heard that long [overdue for a correction](#) from certain pundits on the Street. So-called market strategists may be urging investors to wait for the next big pullback before picking up shares. While we have gone a long time without a 10% peak-to-trough decline, investors should take near-term projections with a fine grain of salt.

Why? Corrections, by nature, are unpredictable, and they tend to catch investors off-guard. Right now, many are proceeding with caution. Although the stock market is near an all-time high, there are plenty of names that aren't even at their 52-week highs. Undoubtedly, a stealthy correction has rolled through specific parts of this market gradually over the past several months.

Stop waiting for a correction: Stay invested and diversified

Moving forward, investors can expect [more of the same](#), as rotations across various sectors and asset classes continue. Indeed, COVID-19 variants and the bond market are likely going to continue dictating moves across sectors. There's bound to be a pain for those who are undiversified.

But for those who've spread their bets across various industries and geographies, one is unlikely to feel the full impact of these continued pullbacks that are rolling through very specific areas of the market. In a way, a diversified portfolio of common shares is like a steady ship sailing through vicious ocean waves.

Given the poor stock price breadth, I'd argue that the second-half stage is perfect for stock pickers. So, whether growth, value, reopening, or lockdown takes the spot in the limelight next, investors should be ready to do well with dirt-cheap stocks that are priced below their worth.

Indeed, a contrarian mindset may be key to superior results moving forward. The pandemic may be winding down in certain countries like Canada, but it remains highly unpredictable. That's why it can pay dividends to select undervalued names within various industries at any given instance.

A balanced barbell portfolio may be key to outperforming in this turbulent market

Moving forward, a balanced “barbell” approach seems like a great strategy.

Consider a dirt-cheap reopening stock like **ONEX** ([TSX:ONEX](#)), the parent of Westjet Airlines and various other high-quality businesses that are poised to soar on the other side of this pandemic.

Weighing down the other side of your barbell portfolio, you may wish to also pick up shares of a cheap lockdown play such as **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), an e-commerce powerhouse that’s benefited from the stay-at-home trend that took hold through most of 2020.

Shopify is a high-flying stock that needs no introduction. It’s a pandemic beneficiary that could regain its COVID-19 tailwinds if a worst-case scenario were to happen and variants cause a round of reopening rollbacks going into the fall.

ONEX is a firm that Canadians may be unfamiliar with. Undoubtedly, it’s best-known for its Westjet acquisition before the pandemic, a move that was terrible timing. Still, investors should give ONEX’s managers the benefit of the doubt. They have crushed the **TSX Index** over prolonged periods of time, after all.

Once the pandemic looks to end, ONEX stock could have immense upside. After a more than 130% surge off last year’s lows, ONEX stock isn’t a massive steal anymore. But it’s still a great value for investors looking to do well, regardless of what ends up happening next with rates, the pandemic, or any negative surprises that may not be on the radar of investors just yet.

Bottom line

Stop waiting for a correction, or you could risk leaving a lot of gains on the table. ONEX and Shopify are a great pair trade that could fair well, regardless of where the rolling correction rolls through next.

In short, investors should roll with the punches as they look to dodge and weave past continued rolling corrections en route to solid results.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:ONEX (Onex Corporation)
3. TSX:SHOP (Shopify Inc.)

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