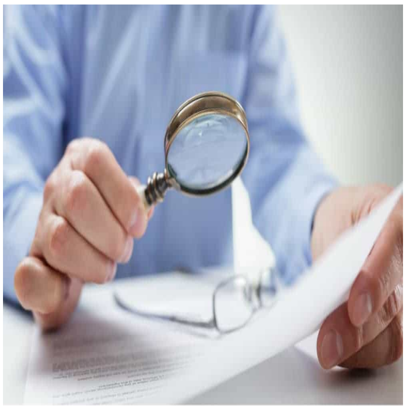

2 Under-the-Radar Stocks to Watch in January 2022

Description

There are many great Canadian stocks to stash on your watchlist, as we inch closer to the end of 2021 and the start of January 2022. Indeed, valuations are still a tad stretched, given the slate of risks that we'll confront face on in the new year.

Most notably, Omicron and rate hikes could be an enemy of this market rally. Without so much as a 10% market correction this year, though, the main question on the minds of investors is whether 2022 will see such a decline, or if a much worse pullback is in store. Indeed, timing markets or selloffs is a fool's (that's a lower-case *f*) game. Markets, by nature, are unpredictable. And although pundits are so tempted to predict the unpredictable, investors willing to acknowledge that they have no idea what's up ahead are best geared to outperform most others.

Buying as others are fearful, and vice versa, is a great contrarian strategy that can lead to solid results. That said, today's environment makes it so much harder to buy the dip, given Omicron and other variants of COVID remain so incredibly unpredictable. Further, even the most seasoned pundits are having difficultly forecasting the end of the pandemic, given the rate of mutations.

As we move deeper into the unknown, investors may have a tougher time differentiating between near-term noise and real risks that could harm a company's fundamentals. When in doubt, don't feel the need to place a viewpoint on every at-risk name out there. Instead, focus on your circle of competence and look to the names that you can accurately value, given the wide range of potential COVID risks that could persist through 2022.

When in doubt, it can pay dividends to hold and maybe start doing some buying if you believe conditions are too bearish. For now, consider names to stash on your watchlist that you'd be willing to buy (more of) on a meaningful pullback.

Jamieson Wellness

Ja**mieson Wellness** (TSX:JWEL) is a boring vitamin maker that's done remarkably well amid continued pandemic pressures. The defensive name is likely to continue moving through what could be another brutal year. Year to date, JWEL stock is up just shy of 10%. The $1.6 billion supplements firm trades at a somewhat frothy 35 times trailing earnings multiple. Still, with incredible growth prospects in the Chinese market, I'd argue that recent pressures weighing down the stock are short-term headwinds that are clouding the long-term growth story.

Nobody knows when COVID will end, but at this juncture, JWEL seems like a compelling name to add to your watchlist. The stock is less correlated to the TSX, with a mere 0.36 five-year beta. As a high-quality defensive with a growthy dividend (1.5% yield at writing), the name is a great way to do well if you don't want to be on the receiving end of the next selloff or lose considerable ground to inflation.

IA Financial

IA Financial (TSX:IAG) is an underrated insurer that quietly surged over 33% year to date. With rates on the rise, insurers like IA could get a bit of a jolt. Although the performance has been quite rocky since the COVID crash, things are looking up for the diversified insurer going into 2022. The stock trades at a mere 9.8 times trailing earnings with a well-supported 3.5%-yielding dividend. Shares have run out of steam in recent months and are a great buy on any dips moving forward. As another low-beta name, IA is perfect for those looking to play defence in a year that could continue to punish risk-on investors.

CATEGORY

1. Investing

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1. Editor's Choice

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