



## 3 Stocks Outside the Tech Sector to Buy in 2022

### Description

Investors often turn to the [tech sector](#) in hopes of finding stocks that could generate massive returns. However, this can lead to a very concentrated portfolio, exposing investors to unnecessary risk. Fortunately, there are many stocks outside the tech sector that can generate attractive returns. In some cases, those stocks can even beat the broader market by a wide margin. In this article, I'll discuss three stocks outside the tech sector to buy in 2022.

### A reliable compounder of wealth

Over the past year, the **TSX** has gained about 20%. By all measures, that's a very impressive year for the stock market. However, **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) generated a return more than double that of the TSX, yet many investors continue to leave this stock on the sidelines. Brookfield has proven time and time again that it can generate steady returns. Since its IPO in 1995, Brookfield stock has grown at a CAGR of 16%. It's only a matter of time before retail investors start taking notice.

One reason that many retail investors don't hold Brookfield stock is because its business isn't very exciting. Brookfield owns and invests in assets within the real estate, infrastructure, and utility industries. Altogether, [Brookfield's portfolio](#) is worth somewhere in the neighbourhood of \$625 billion. This makes it one of the largest alternative asset management firms in the world. Over the past year, Brookfield stock has gained nearly 57%. That beats the performance of many popular tech stocks, including **Shopify**, **Docebo**, and **Lightspeed**.

### This company leads a dominant duopoly

If a company can establish a formidable moat, then it will have competitive advantage over its peers. As long as that moat is intact, investors should feel safe holding shares of that company. In Canada, the railway industry is dominated by two companies — the larger of which is **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)).

What makes Canadian National so interesting is that we don't have a way to transport large amounts of goods over long distances, if not by rail. Until an alternative transportation method is developed, Canadian National should have a spot in your portfolio. The company operates a rail network which spans nearly 33,000 km. In terms of revenue, Canadian National is the third-largest railway company in North America. This stock may have generated a smaller return than Brookfield, but its reliability should earn it a spot in your portfolio.

## Choose a company from this industry

Speaking of reliable industries, the financial sector possesses one of the most reliable industries in the country. The Canadian banking industry is dominated by a group known as the Big Five. These companies have benefited from a highly regulated industry, which has made it difficult for smaller competitors to displace the leaders. Of that group, **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is my top choice.

Bank of Nova Scotia is highly exposed to the Pacific Alliance. This is a region which includes Chile, Columbia, Mexico, and Peru. It's important for investors to realize that this international exposure does come with geopolitical risk. However, I believe the potential benefits vastly outweigh risks.

It's estimated that the Pacific Alliance will grow at a faster rate than Canada and the U.S. due to a rapidly growing middle class. If that happens over the next few years, Bank of Nova Scotia could see massive gains. Over the past year, Bank of Nova Scotia stock has gained nearly 34% (dividends excluded). Again, that performance beats many of the TSX's top tech stocks.

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2. NYSE:BNS (The Bank of Nova Scotia)
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