



TSX Stocks: 2 Canadian Giants to Buy at a Discount

Description

Canada's main stock index started and ended last week above 22,000. The TSX posted a new all-time of 22,074.40 on the 22nd before settling lower at 22,005.94 on Friday. On a year-to-date basis, the index's gain is 3.69%, powered by the energy (+40.30%) and materials (+21%) sectors.

Allan Small, senior investment adviser at IA Private Wealth, expects the TSX to do well when oil, gold, or [commodities](#) are doing well. That has been the case this month, notwithstanding the geopolitical tensions. However, not all TSX giants are faring well.

You can buy **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) and **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) at a discount today. The tech superstar lost significant value, while the global asset manager seems [undervalued](#).

Deep discount

Shopify has been a perennial TSX30 winner since the **TMX Group** launched flagship program for [high-growth stocks](#) in 2019. The e-commerce platform ranked first in 2020 and placed second and third in 2019 and 2021. Technology was the top-performing sector two years ago, but it's losing by 21.23% year to date.

The tech phenomenon became TSX's largest publicly listed company in 2020, unseating **Royal Bank of Canada**. As of this writing, the market cap is down to \$106.63 billion. RBC is back on top, and many more companies have overtaken Shopify in terms of market cap.

Performance-wise, the premier tech stock rewarded investors with a 217.07% (46.71% CAGR) in the last 3.01 years. Shopify's 52-week high is \$2,228.73. Today, it trades at \$846.65 per share, or 62% lower. Current investors are down 51.39% year to date.

Shopify's tailspin began on February 16, 2022, when the company announced lower revenue projections, not a monster growth like before. Its CFO, Amy Shapero, said the COVID-triggered acceleration of e-commerce would be absent this year. Management believes Shopify has less

advantage when consumers shift back to brick-and-mortar stores.

Nevertheless, market analysts covering Shopify maintain a buy rating. Their 12-month average price target is \$1,965.84, return potential of 132%.

Global infrastructure play

Brookfield Asset Management isn't beaten down like Shopify but is undervalued, even vis-à-vis the nature of the business. The \$111.12 billion asset manager titan has the infrastructure, renewable power, real estate, and private equity assets, including venture capital. In the last 3.01 years, the stock's total return is a respectable 79.86% (21.53% CAGR).

At \$70.86 per share, the trailing one-year price return is 27.39%, although the stock is down 6.99% year to date. Still, BAM pays a 0.95% dividend to compensate for the loss. Market analysts are bullish and forecast the price to climb between 29% (average) and 40% (high) in 12 months.

BAM is best for investors looking for a global infrastructure play. Its subsidiaries include **Brookfield Business Partners**, **Brookfield Infrastructure Partners**, **Brookfield Property Partners**, and **Brookfield Renewable Partners**. Shares of these companies also trade on the TSX if you prefer specific sectors or industries.

Points to consider

Brookfield Asset Manager can be your safety net if you're a risk-averse investor. Meanwhile, Shopify and the tech sector remain in a slump. However, the price is a steal if you have the patience to wait for its eventual rebound.

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:BN (Brookfield)
4. TSX:SHOP (Shopify Inc.)

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