



## 2 Contrarian Stock Picks for TFSA Investors

### Description

Contrarian investors are constantly searching for [undervalued](#) stocks that have the potential to deliver big returns. It takes some courage to buy when the rest of the market wants to sell unloved stocks, and there is always a risk of catching a falling knife, but the rewards can be substantial when you time the purchase right.

### Shopify

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) trades near \$900 per share at the time of writing compared to more than \$2,100 in November. The meltdown in the share price coincided with the broader tech selloff that occurred in recent months, as investors booked profits on the pandemic winners and shifted funds to commodities.

A tech correction was due, and while more volatility should be expected, Shopify looks attractive right now for buy-and-hold investors, who are of the opinion that the shift to online shopping will continue to expand in the coming years.

Shopify has the scale to compete with the big boys and is forging new partnerships in key markets, such as China, to drive growth. The brand is very strong, and Shopify has a top-notch leadership team. Shopify's products are sticky, meaning once a business signs up to partner with the company to create an online store the relationship tends to remain in place and businesses normally adopt additional Shopify services to help serve their customers.

Whether or not the March lows will prove to be the bottom is anyone's guess, but it might be worthwhile to start nibbling on Shopify stock near the current level.

### Barrick Gold

**Barrick Gold** ([TSX:ABX](#))([NYSE:GOLD](#)) is up more than 25% in 2022, but the stock still looks oversold when you consider the price of gold right now and the strength of the company's balance sheet along

with the growth potential.

Gold trades near US\$1,900 per ounce. It briefly topped US\$2,050 earlier this month and could easily take a run at US\$2,100 before the end of the year.

Why?

The conflict between Russia and Ukraine will create geopolitical uncertainty for months, if not years, supporting safe-haven demand for gold. Bond markets are now signaling a possible recession, which could trigger a shift of funds to gold. At the same time, soaring inflation will drive additional gold purchases, as people seek to protect their buying power.

Barrick Gold has the potential to generate significant free cash flow at current gold prices. The board could announce another return of capital bonus like it did in 2021, and the new dividend policy of paying distributions based on the company's cash position bodes well for investors in an environment where gold prices are rising.

The company has a rock-solid balance sheet after a multi-year turnaround effort that effectively eliminated net debt. Barrick Gold owns six of the top 10 gold mines on the planet and is a large copper producer as well.

The stock trades near \$30 per share at the time of writing. It wouldn't be a surprise to see Barrick Gold take a run at the 2020 high around \$40 before the end of 2022.

## The bottom line on top contrarian stocks

Shopify and Barrick Gold carry risks due to the volatility of their share prices, but the two companies should be attractive picks right now for contrarian investors who can ride out the near-term dips.

If you have some extra TFSA cash to put to work in a portfolio focused on undervalued stocks, these companies deserve to be on your radar.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:ABX (Barrick Mining)
4. TSX:SHOP (Shopify Inc.)

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