



2 Value Stocks That Could Crush the TSX in 2022

Description

2022 is shaping up to be a great year of DIY stock pickers and value investors. With the euphoric frenzy in growth stocks now ended in a crashing halt, interest in profitable value and dividend growers has increased modestly, even amid broader [weakness](#) in the S&P 500 and Nasdaq 100. Indeed, some of the value gems are starting to get the respect they deserve. As rates rise further, it's hard to bet against the growth-to-value rotation, which could continue to be the theme until central banks are finally ready to announce the end to their latest tightening cycle.

Of course, there could be [rotation](#) reversals, but betting on value at today's levels can only be viewed as prudent for those looking to steer clear of the damage that could accompany the next bear market. In this piece, we'll look at two neglected value stocks in Canada that are finally starting to get some meaningful momentum behind them. It's these such names that I'd bet will lead the TSX Index higher this year.

So, if you're looking to improve your risk/reward scenario and gain a real return in yet another inflationary year, the following stocks may be worth watching in 2022.

MTY Food Group

MTY Food Group ([TSX:MTY](#)) is a food court staple in Canada with such cherished restaurant brand names as Sushi Shop, Vanelli's, Taco Time, and Extreme Pita. With the great economic reopening from the COVID crisis, MTY feels like itself again. Still, the stock has trended lower in recent months, as its relief rally ground to a halt. At writing, the stock is slightly below where it was pre-pandemic at around \$53 per share. After not having done much in five years, I think the stock is finally about to trend higher, as shopping malls continue to be bustling.

At 14.8 times trailing earnings, with a 1.6% dividend yield, MTY stock seems like a value that's too good to ignore after starting 2022 with a correction. Arguably, MTY is too cheap for its own good, with a low bar of expectations set ahead of it. Though a resurgence of COVID could drag on the stock for longer, I think it remains an intriguing value bet for those cautiously optimistic about playing the slow and steady return to normality.

MTY's brands will shine through.

Restaurant Brands International

Speaking of restaurant brands, we have **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)) stock, which has heated up in recent weeks amid the value rotation. The company hasn't been making headlines of late, but the firm is hard at work in bolstering its drive-thru and digital capabilities.

Yes, QSR and its chains haven't been best positioned amid the pandemic. But they've come such a long way since March of 2020. The company is modernizing, and, arguably, it has the most room to run as its efforts begin to pay off over coming quarters, whether or not the pandemic is poised to go endemic over the medium term.

As an added bonus, Restaurant Brands is one of those defensive discretionary companies that can fare well in times of recession. There's a less than half chance that we'll fall into a recession over the next year or two. But there's always a chance, and you should always be ready for the tides to turn.

CATEGORY

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