2 Great Investments to Buy in June 2022

Description

The **S&P/TSX Composite Index** has been on a thrilling roller coaster in recent weeks, and not the kind everyone enjoys. Barring a few ups and downs, the Canadian benchmark index gained 3.59% from the start of the year till April 20, 2022. However, rising geopolitical tensions, inflation, and higher interest rates finally caught up with equity markets.

The index nosedived by 10.45% between April 20 and May 12, 2022. The index regained 4% in five days after hitting its May 12 low, only to drop by 1.90% on May 18. The S&P/TSX Composite Index is up by 6.77% from its May 12 low but down by 4.72% from its March 22 high. This uncertainty is more than enough to worry even the most experienced investors.

However, there are investors who wait for times like these, because it presents them with the opportunity to capitalize on the panic in stock markets. Market downturns often see high-quality stocks oversold due to irrational fears, leaving many undervalued stocks for savvier investors to pick up for a bargain.

Today, I will discuss two such undervalued stocks that warrant a place on your investment radar at current levels.

WELL Health Technologies

WELL Health Technologies (TSX:WELL) is an $837.02 million market capitalization digital health company. The company came into the spotlight during the pandemic, as demand for telehealth services skyrocketed.

WELL Health has performed well in recent quarters, meeting its guidance and increasing it. The company used the pandemic-fueled tailwinds to drive further growth, making several acquisitions and investing in organic growth.

WELL Health Technologies stock trades for $3.77 per share at writing. Despite its stellar performance, the company's growth on the stock market has been stifled, aligning with the broader trend for growth and tech stocks. The decline in its share prices due to broader weakness in growth stocks makes it a more valuable asset to consider for value-seeking investors.

Canadian Tire

Canadian Tire (TSX:CTC.A) is an $11.02 billion giant in Canada's retail industry. Headquartered in Toronto, Canadian Tire's retail operations primarily focus on the automotive industry, hardware, sports, leisure, and houseware segments. The company boasts plenty of long-term growth potential. Canadian Tire's business has been putting up stellar performances for the past several quarters.

Canadian Tire stock trades for $173.91 per share at writing, and it boasts a juicy 3.74% dividend yield. The company's strong performance has not translated to significant spikes in its valuation. The company has recovered from the pandemic-led losses and trades for a seemingly high price on the stock market. However, it could be worth much more considering its fundamentals.

Canadian Tire boasts an enterprise value-to-EBITDA ratio of 6.27 and a forward price-to-earnings ratio of just 8.77. It has not been this cheap in years and boasts plenty of potential for further growth.

Foolish takeaway

Stock market charts can be helpful in identifying undervalued stocks. However, it only shows you what is on the surface. Sometimes, stock charts can be deceiving. It is important to understand the fundamentals of the underlying businesses.

It can help you better identify value opportunities and separate them from stocks that have gone through justifiable downward corrections.

After considering the fundamentals and their potential to deliver strong long-term returns, WELL Health Technologies stock and Canadian Tire stock could be excellent value bets.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:CTC.A (Canadian Tire Corporation, Limited)
2. TSX:WELL (WELL Health Technologies Corp.)

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adamothman