2 TSX Stocks You'll Be Happy You Own When the Bear Market Is Over

Description

Bear markets drive some investors running for the hills to safety. However, these investors would fail to participate in the market recovery that comes after — a road to wealth creation. Here are a couple of **TSX** stocks you'll be happy owning when the bear market is over. It's a good time to buy them on dips.

A leader to buy on dips

WSP Global (TSX:WSP) tends to trade at a premium valuation to its construction peers. Christine Poole, CEO and managing director at GlobeInvest Capital Management, suggests that it's because the company is "in consulting and services, not construction."

Indeed, its earnings are more predictable and stable than its construction peers. In the past decade, WSP Global compounded its earnings per share by 10.3% per year versus the second-best peer's growth rate of 5.5%!

WSP Global is clearly the leader with the largest scale. Its annual revenue hit a milestone of $10 billion last year. And it's already heading towards $11 billion thanks to strategic integrations of acquisitions.

Management is also keeping good control of costs. Operating expenses were 63.2% of revenues in the normal year of 2019. In the trailing 12 months (TTM), they're 61.7% of revenues, resulting in an operating margin improvement from 6.2% to 7.5%.

At $146.87 per share at writing, analysts believe the stock has 22% upside potential over the next 12 months. It also provides a 1% yield that boosts returns.

One TSX stock to own before the bear market is over

Another TSX stock you'll be happy owning when the bear market is over is **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM). The large-cap growth stock has been an incredible investment, particularly for investors who back up the truck on its shares during bear markets.

The leading global alternative asset manager has extensive experience in optimizing businesses and being a capital investor. It targets a return on investment of 12-15% per year, and it has achieved this in the long run. Consequently, institutional and retail investors keep coming back for more in paying BAM to invest their money for wealth creation.

Other than earning management fees, BAM also earns performance fees for reaching its targets. Over the decades, the company has grown its assets under management to approximately US$725 billion, of which roughly half is fee-bearing capital.

The company has gotten to the point where it's ready to split its business into two — one that invests for its own account and one that manages money for others. This split is anticipated to happen by the end of the year.

BAM shareholders should do well owning both for long-term wealth creation. However, those seeking higher current income will have the option of increasing their exposure to the asset management business that intends to pay out a bigger dividend.

At $59.49 per share, the quality stock is down approximately 25% from its 52-week high and trades close to its 52-week low. Analysts believe the stock has 56% upside potential over the next 12 months. It also provides a 1.2% yield to boost returns.

CATEGORY

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3. TSX:WSP (WSP Global)

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