2 Stocks That Might Have Hit Rock Bottom

Description

The recent-most correction in the stock market has devastated equity securities across all sectors of the Canadian economy. The **S&P/TSX Composite Index** is down by 14.18% from its 52-week high, and the Canadian benchmark index's declining levels indicate weakness throughout all market segments. Even the high-flying energy sector has been pulling back due to macroeconomic factors.

Most investors begin panicking amid bear market conditions, evidenced by the selloff in every sector. However, savvier investors look at these market environments as an opportunity to find and invest in undervalued stocks. A recession might be imminent, but it does not mean that all TSX stocks are destined to a doomed fate.

Stock markets have a cyclical nature, and things will eventually settle down. We have seen this happen many times in the past. While past performance does not predict future results, it gives you a strong idea of what to expect. The downturn will not last forever, and a recovery might happen sooner than you expect.

If you are looking for value investing opportunities, I will discuss two heavily discounted stocks you could consider adding to your portfolio for long-term gains.

Brookfield Asset Management

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM) is a $97.67 billion market capitalization alternative investment management company headquartered in Toronto. The company has over US$275 billion of assets under management as of 2022, and it has exposure to assets across a wide range of industries worldwide.

Brookfield Asset Management stock trades for $59.49 per share at writing, and it boasts a 1.20% dividend yield. It is down by 22.70% year to date and 24.73% from its 52-week high. The stock trades for a considerable discount than its intrinsic value suggests.

The company's management is working to find creative solutions to post recovery in the stock market.

However, at its current levels, Brookfield Asset Management stock might be too attractively priced to ignore.

Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) is a $57.76 billion market capitalization giant in the e-commerce industry. Headquartered in Ottawa, it was not too long ago that Shopify was the premier growth stock on the TSX. The company's share prices tore apart growth records on the Canadian stock market with its prolific performance since debuting on the TSX.

However, it became massively overpriced, and it eventually had to go through a correction. The tech sector meltdown started the correction, which it has failed to recover from.

Shopify stock trades for $45.83 per share at writing, down by almost 80% from its 52-week high. It is by no means an undervalued stock considering its price-to-sales multiple. However, Shopify stock has not been this cheap since its 2016 levels.

The company has plenty of opportunities for considerable long-term growth through fulfillment, merchant service verticals, and geographic expansions. It might be too cheap to ignore at its current levels if you are bullish on the company's long-term prospects.

Foolish takeaway

Considering the current market situation, there still are plenty of macroeconomic factors that make it risky to invest in the stock market right now. Despite hitting considerably low levels, it is possible that Brookfield Asset Management stock and Shopify stock might not have exactly hit rock bottom.

The last few months have shown how unpredictable the stock market can be. Despite the uncertainty about whether the two stocks have hit rock bottom, Brookfield Asset Management stock and Shopify stock trade at attractively priced levels that are too hard for long-term investors to ignore.

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