



## 1 Undervalued TSX Stock to Buy Right Now

### Description

2022 started off on a horrible note for stock market investors. The **S&P/TSX Composite Index's** performance was choppy. By the end of the first half, it was down significantly from its all-time highs. The market volatility does not seem like it will let up anytime soon amid the interest rate hikes and rising inflation.

Investors are worried about a recession on the horizon. Stock market investors who have been in the game for long enough look at volatile market environments as an opportunity to seek bargains on the stock market. Identifying and buying [undervalued stocks](#) can set you up for substantial wealth growth once markets recover and your investments rise to their inherent values.

As of this writing, the Canadian benchmark index is down by 5.9% year to date, but it appears to be on the mend. It is difficult to say whether we are in the middle of a market rebound or if there are more choppy market movements in store for investors. You can either use this bear market to your advantage by investing in value stocks or stay on the sidelines, waiting for things to stabilize.

If you feel inclined towards the former, investors could benefit by making investment decisions while the market is devalued.

## Taking advantage of the correction before the rebound

The stock market correction might seem longer than the recent-most decline induced by the pandemic. The extended weakness could be because tech stocks have not rallied as they did amid the pandemic. Several high-flying tech stocks soared to new heights due to industry tailwinds created by the global health crisis.

After putting up stellar multi-bagger returns, the tech meltdown saw some of the biggest names in the industry go during a massive pullback. It remains to be seen whether tech stocks will recover to their pandemic highs. However, value-seeking investors can capitalize on other possible bargains before the relief rally in stock markets.

## A diversified asset management firm

**Onex Corp.** ([TSX:ONEX](#)) is a \$5.9 billion market capitalization diversified investment management company. Headquartered in Toronto, Onex is the name behind several successful businesses, including WestJet Airlines. As of this writing, Onex boasts almost US\$50 billion in assets under management. Trading for \$69.23 per share, Onex stock is down by almost 32% from its 52-week high.

The pandemic was not kind to Onex stock. The stock posted a significant post-pandemic recovery. However, another pullback led to a major decline in its valuation. The company recently released its second-quarter earnings report for fiscal 2022, and it did not bear good news.

The value of the company's private equity investments fell by 3% from the previous quarter, and it attributed the decline to macroeconomic factors. However, the asset manager grew its portfolio by 16% in the last 12 months. The company's earnings, from fees related to a growing number of assets, resulted in a loss of \$10 million — a drastic decline from its \$1 million profit for the same quarter last year.

## Foolish takeaway

The recent-most quarter does not paint a pretty picture for the company's investors. The challenging global economic factors keep weighing down on the company. However, its management says it is focused on growing its asset management business and leveraging its diversified portfolio to deliver sustained performance.

The top brass in the company believes it is a strong and stable partner for its investors, especially in times of change and challenge. The asset manager is undoubtedly facing a challenge right now. At current levels, Onex stock trades for a 0.55 price-to-book multiple, well below its five-year average of 1.5. If you are willing to assume the risk of investing in this stock, it could be a worthwhile long-term investment.

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