



2 Value Stocks to Buy for the Long Term

Description

Finding that perfect mix of investments takes time and patience. Thanks to the volatility we've seen this year, the market is full of value stocks to buy for the long term. This includes some stellar buys, such as the following two stocks.

A great retailer at a discounted price

Canadian Tire ([TSX:CTC.A](#)) is one of the oldest and most established [retailers](#) in Canada. Canadian Tire is also one of the most intriguing investments on the market right now that's trading at a discount.

So, what makes Canadian Tire a value stock to buy for the long term? That comes down to three key reasons that are easily overlooked.

First, we have the company itself. Canadian Tire has shown a remarkable ability over the years to reinvent itself as a modern retailer. This includes developing a (now lucrative) mobile commerce channel, as well as bolstering its already popular rewards program.

In short, the company's ability to integrate technology into its sales process has become a model for other retailers. By extension, it has also helped bolster results for the company, which leads to my second point.

Timing is the second factor. We're heading into the busy shopping season. And yes, while inflation will weigh heavily, it is also the first holiday season in recent memory that isn't (so far) clouded by the pandemic. In other words, we can expect a generous bump to revenue numbers.

That dovetails nicely with Canadian Tire's current valuation. The stock trades at a price-to-earnings ratio of just 8.76, making it a discounted gem for any portfolio. Year to date, the stock is down like much of the market, showing a 14% decline.

Finally, let's talk about income. A retailer with a juicy dividend is rare to find. Even rarer is a discounted stellar retailer that boasts a yield of 3.77%! Not only does Canadian Tire offer growth and value for

investors, but it also boasts a juicy dividend.

A tech outfit that is still a massive bargain

The biggest growth story of the past few years is undoubtedly **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). The [tech](#) giant provides a configurable selling platform for retailers with hooks into everything from inventory and reporting to fulfillment and support.

Leading into the pandemic, Shopify was posting results well into double-digit territory. When the pandemic hit, that growth accelerated, as shoppers turned to mobile commerce instead of brick-and-mortar stores. The over 220% bump realized by Shopify over the 2020-2021 period is clear evidence of this.

That surge finally came to an end this year, as customers returned to stores, interest rates surged, and inflation brought demand to a screeching halt. Shopify's growth figures take into account that slowdown. That led to an immense selloff on the stock, which now trades at just \$29.

That's reflecting a more than 75% reduction in the price of the stock year to date.

Now, is it justified? Does this make Shopify one of the value stocks to buy for the long term?

That's a firm yes to both. Shopify's rapid rise over the past three years was no doubt helped by the onset of the pandemic. In a similar vein, that rapid drop can be traced in part back to the resumption of in-person business.

But that long-term growth potential *is still there*. The sales channels, integration efforts and growth prospects remain. To put it another way, Shopify still operates on millions of businesses in over 170 countries.

Should you buy these value stocks to buy for the long term?

No investment is without risk, and that includes both Shopify and Canadian Tire. That being said, both companies are financially sound and continue to invest in growth.

In my opinion, one or both stocks should be part of any well-diversified portfolio.

CATEGORY

1. Investing

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2. TSX:CTC.A (Canadian Tire Corporation)
3. TSX:SHOP (Shopify Inc.)

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dafxentiou

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