These 3 Blue Chips Have Taken it on the Chin: Is it Time to Buy?

Description

The Canadian stock market is full of high-quality stocks. The top companies well established in their respective industries are called “blue-chip” stocks due to their characteristic stability and reliability as part of investor portfolios.

The **S&P/TSX Composite Index**, the benchmark Canadian equity index, reflects the state of the Canadian stock market’s performance. 2022 is nearing its end. So far, the Canadian stock market’s performance has been nothing short of wild. As of this writing, the index is down by 12.34% from its 52-week high after it recently began moving upward from its October 12th levels.

There are plenty of high-quality stocks trading at significant discounts, but it’s essential to choose where you invest your capital wisely. Today, I will discuss three TSX blue-chip stocks that warrant a place in your investment portfolio if you’re looking for excellent deals right now.

Bank of Nova Scotia

Bank of Nova Scotia (TSX:BNS) is one of Canada’s Big Five banks. Based on market capitalization, it ranks fourth among its peers. As of this writing, it trades for $66.18 per share, down by 30.33% from its 52-week high and boasting a juicy 6.23% dividend yield.

Fears of a prolonged global recession in the next 12-18 months have investors spooked, because it could impact the bank’s international operations.

Despite the fears driving its share prices down, the Canadian bank’s international segment has positive figures. Its third-quarter results for fiscal 2022 show that its international group continues rebounding from the pandemic-induced hit.

Its international division generated $493 million in the third quarter for fiscal 2021. In the same period this year, the segment generated $631 million, reflecting its recovery. With its solid earnings, its 7.73 trailing price-to-earnings ratio makes it appear oversold and ripe for the taking.

Brookfield Asset Management

Brookfield Asset Management (TSX:BAM.A) is a Canadian multi-national company that's one of the largest alternative investment management firms worldwide.

The $89.69 billion market capitalization firm has over US$725 billion of assets under management, diversified geographically and industry wise. Brookfield stock has a solid track record of delivering stellar long-term returns through its highly diversified and well-capitalized exposure to various assets.

Macroeconomic factors have impacted its share prices significantly this year. As of this writing, Brookfield Asset Management stock trades for $54.69 per share, down by 30.80% from its 52-week high. The fact that it is spinning off its asset management business is another reason its share prices have declined.

The spinoff is an opportunity that many investors would want to capitalize on, prompting them to take money out of Brookfield Asset Management stock and allocate it to the spinoff.

While there's another opportunity resulting from the cash cow of a spinoff, allocating funds to this stock might result in excellent returns when it recovers and begins climbing again.

Newmont

Newmont (TSX:NGT) is a commodity-linked stock of the highest order. With a market capitalization of US$34.02 billion, this Greenwood Village-based gold mining giant is the world's largest gold mining corporation. It has operational gold mines worldwide from Ontario to Colorado, Ghana, Peru, Argentina, and several other locations.

Like its peers, the gold miner experienced higher expenses due to inflation. Coupled with lower gold prices than a year ago, the gold stock has seen its share prices decline by 46.45% from its 52-week high. Despite its weakness on the stock market due to macroeconomic factors, Newmont stock boasts one of the strongest balance sheets among its peers.

Newmont stock trades for $58.35 per share and a 5.10% forward annual dividend yield as of this writing. If a market crash comes along, gold prices will likely soar, allowing investors who buy its shares right now to profit significantly if its share prices rise with gold prices.

Foolish takeaway

With these three high-quality stocks arguably oversold due to broader market pressure, Canadian investors seeking profitable and long-term buy-and-hold assets for their self-directed portfolios have plenty of investment opportunities. Scotiabank stock, Brookfield Asset Management stock, and Newmont stock can be excellent assets to consider for this purpose.

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