2 Top Stocks for Your TFSA Retirement Fund

Description

With investors caught between Federal Reserve rate hikes and an economic downturn, it's tough to be optimistic. With valuations at reasonable levels, signs of peak inflation, and the potential for a softer-than-expected landing, I think there's a lot that can propel markets now that expectations are low heading into 2023.

Even if investors feel uneasy picking away at stocks well before the recession actually arrives (there's a lot of jitters going into quarterly earnings results this season), it's worth remembering that it's all about expectation when it comes to market action. With a recession partially baked in, a so-called soft landing could have a considerable bullish impact on stock portfolios. Indeed, low expectations alone may set the stage for a 2023 that's not nearly as horrid as many expect today.

In this piece, we'll focus on two dirt-cheap companies that may be worth considering for the new year. **Cineplex** (TSX:CGX) and **MTY Food Group** (TSX:MTY) are battered, with risk/reward profiles that seem decent.

Cineplex

Cineplex is not for the faint of heart. The stock has been in free fall, even before COVID lockdowns sent sales nosediving toward zero. The firm may have done a decent job of managing through a crisis. However, the industry still faces turbulence in a post-COVID environment. The rise of video streaming has taken some of the business away from the cinema plays.

Simply put, many great productions are going straight to stream, with less available for the movie theatre giants to showcase on the big screen. Indeed, big-budget blockbusters meant to be enjoyed on the silver screen will still help Cineplex and its peers thrive. That said, there's competition with streamers for the release of smaller-budget indie films and comedies.

Despite the tug-of-war with streamers, I still view Cineplex stock as a top rebound pick. Most negativity is baked in, and with low expectations regarding release slates, I'd argue there's a good chance that Cineplex can surprise us all.

Add the Cinepass subscription, which offers free monthly movie tickets and other discounts, into the equation, and I think Cineplex can thrive in the new, albeit more challenging, industry. The pass incentivizes frequent trips to the movies, even if there's no must-see hit.

Further, Cineplex is diversifying away from the box office with intriguing entertainment options that should help the stock inch higher with time.

Cineplex beat on earnings per share in the third quarter, with $0.43 topping the consensus estimate calling for a $0.17 per-share loss. I think Cineplex can keep beating by a wide margin going into 2023.

MTY Food Group

MTY Food Group is another mall staple that's under pressure. The firm, which owns many brands in the food court, has been fluctuating wildly. Now at $59 and change per share, I think the name is ready to march higher as we move beyond COVID.

Sure, a recession may reduce foot traffic to malls. But at the end of the day, MTY offers tasty food at some of the best prices. Taco Time, Jugo Juice, and all the brands we know and love will still do well as consumers look to gain the most enjoyment out of every dollar.

For investors, shares of the $1.45 billion fast-casual play are an incredible value at 15.71 times trailing price to earnings. The 1.42% dividend yield is also safe and sound.

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