Canadian Investors: 2 Once-in-a-Generation Buying Opportunities

Description

The Toronto Stock Exchange has seen a sharp pullback in the last few months. High inflation, rapidly rising interest rates, and the possibility of a moderate recession have taken a big toll on investors' sentiments. These are some of the key reasons why the **TSX Composite Index** has lost nearly 9% of its value in the last eight months. On the positive side, the stock market selloff could be seen as an opportunity for long-term investors to buy some fundamentally strong stocks at a big bargain.

In this article, I'll highlight two beaten-down Canadian stocks that look like once-in-a-generation buying opportunities right now.

A beaten-down dividend stock to buy now

Irrespective of your risk appetite, it's always highly recommended that you hold some quality dividend stocks in your portfolio. This can ensure that you keep earning passive income from dividends, even in a difficult economic environment. Considering that, **Bank of Nova Scotia** (TSX:BNS) could be worth buying right now after it has lost nearly 24% of its value in 2022 to trade at $68.14 per share. The bank currently has a market cap of $80.8 billion and offers a very attractive annual dividend yield of 6% at the current market price.

After consistently growing positively for seven quarters in a row, Scotiabank's adjusted earnings fell by about 2% YoY (year over year) in the October quarter. This decline was due mainly to the ongoing challenging market conditions, which affected its global wealth management business in the last quarter.

Nonetheless, its core banking operations in Canada and international markets continued to perform well, helping the bank exceed its medium-term adjusted profitability targets. You can expect its financial growth trends to improve further in the coming years, as the bank remains focused on modernizing its business by investing in technology.

And a beaten-down growth stock to buy

While the market selloff has driven stocks across sectors down in 2022, most high-growth tech stocks have been worst affected by it. For example, shares of the Canadian e-commerce giant **Shopify** (TSX:SHOP) have plunged by nearly 70% this year to trade at $52.49 per share, making it look highly undervalued considering its future growth prospects. The company currently has a market cap of $66.1 billion.

In the last few quarters, Shopify's financial growth has slowed amid reopening economies, but it's still continuing to maintain strong double-digit sales growth on a YoY basis. In the September quarter, Shopify's revenue jumped by 21.6% from a year ago to $1.37 billion, exceeding analysts' estimates. This Black Friday Cyber Monday weekend, merchants on its platform set a new record with US$7.5 billion in sales, reflecting a 19% YoY growth.

Although the ongoing macroeconomic challenges and possibility of a recession have dimmed its short-term financial growth outlook, its financial growth is likely to accelerate in the coming years, as the demand for its easy-to-use e-commerce services remains strong. Given that, a massive 70% decline in Shopify's share prices could be seen as a once-in-a-generation buying opportunity for long-term investors.

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