2 of the Best Deals Around for Building Wealth in Your TFSA

Description

Canadian investors should strive to keep things simple with their TFSAs (Tax-Free Savings Accounts). After a nearly year-long bear market, there's no shortage of market bargains out there. As a self-guided investor, you should be ready to analyze the names on your watchlist that have hit prices you'd be willing to be a buyer at. Indeed, 2023 could bring forth better prices. And it may seem smarter to buy on strength (after some sort of market bottom), rather than buying amid massive negative momentum.

Right now, it's hard to tell if the recent move off bottom is sustainable. It'll be hard to buy on big upward moves, because we've had so many bear market bounces that have only led to lower lows in the months ahead. It's hard to tell when it's safe to get back in the waters over the near term. However, we're all about investing for many years, not just the next few weeks.

These bearish times will pass. And it'll be right back to wealth creation rather than destruction. Nobody knows if 2023 will see the birth of a new bull market or if we'll have to wait until 2024. Regardless, I think TFSA investors should be incremental buyers over time and stop focusing on trying to predict interest rates, the economy, or unpredictable occurrences that are outside of our control.

What can we control as self-guided TFSA investors?

Analysis of individual companies that lie within our circles of competence. Indeed, individuals may know certain sectors, industries, or companies better than others. It's these areas where your edge lies.

So, rather than devoting time to forecasting near-term market moves, try to uncover shares of companies that trade at huge discounts to their worth. It's easier said than done. However, if you devote more time to company valuation and analysis and less on the Fed chatter or near-term predictions from market timers at the big banks or talking heads on TV, I think you can become a better investor.

Take fear out of the equation, and you can easily outdo the TSX in 2023.

Consider finding value where nobody else is looking. **Nutrien** (TSX:NTR) and **Sleep Country Canada Holdings** (TSX:ZZZ) are two places that reek with dividends and value. I think they're great buys together.

Value and juicy dividends in plain sight?

Nutrien stock has had an epic run since bottoming in 2020. The Ukraine-Russia crisis really gave agricultural commodities a boost, and Nutrien stock has been one of few beneficiaries. Going into the new year, many expect commodity prices to retreat across the board, as inflation is tamed and recession makes way for curbed demand.

At 5.4 times trailing price to earnings (P/E), NTR stock already seems to have the worst baked in. As the firm continues moving forward, it'll keep on generating huge cash flows. These cash flows will power the dividend (currently yielding 2.54%), and earnings could continue to depress the P/E multiple.

View NTR stock as a value trap if you'd like, but I think it's got more to offer than meets the eye, even if the best environment is now in the rearview.

Don't sleep on this dividend

Sleep Country is a $824.4 million sleep retailer that's easy to forget about. Discretionary goods are out in recession years. Mattresses, pillows, and all the sort don't tend to be hot sellers when times are tough. Still, there's already so much anticipated sales erosion factored in after the stock's recent slide.

At 8.84 times trailing P/E, with a 3.74% dividend yield, Sleep Country is a fine retail play that could soar once the bear is finally slain by Mr. Market!

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:NTR (Nutrien)
2. TSX:ZZZ (Sleep Country Canada)

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Date
2025/07/20
Date Created
2022/12/10
Author
joefrenette

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