



Don't Know Where to Invest Your 2023 TFSA Contribution? 2 Home-Grown Ideas

Description

If you're not sure if you should invest or wait it out with your 2023 TFSA contribution, you've come to the right spot. Many Canadian investors are rattling after taking a beating from the 2022 bear market. The good news is that the bear market is likely closer to the finish line than the start.

Even though a recession looms, it's hard to tell whether the actual downturn will lead to further downside in the stock market. Call it the recession that everybody saw coming. With that, markets may already (mostly) be over the earnings compression that's to come.

Recession-driven sales and earnings decay are to be expected. But they never last forever. The next thing you know, corporations will be back in growth mode again. And they may be more efficient growers on the other side of the economic hailstorm that lies ahead, as firms look to enhance productivity with smaller workforces.

It's never easy to be a buyer in the midst of a recession-driven bear market, especially if you've already felt the pain of the looming recession. Further, inflation is lingering, making every dollar less powerful over time. And with the "TINA" (there is no alternative) trade now diminished with higher-yielding debt securities that offer a risk-free place to invest, it's unclear as to where markets will settle once the recession reaches its worst.

In any case, I think [Canadian investors](#) should consider **Brookfield Corp.** ([TSX:BN](#)) and **Spin Master** ([TSX:TOY](#)) as attractive picks for 2023.

Brookfield Corp.

Brookfield Corp. is one of the results of the much-anticipated **Brookfield Asset Management** ([TSX:BAM](#)) spin-off. Undoubtedly, shareholders of BAM.A prior to the spinoff now find themselves owning shares of BAM and BN. Which is the better stock to hang onto?

Though there's no issue holding onto both shares, I prefer Brookfield Corp. The firm owns a 75% stake in BAM. In that regard, nothing too drastic has changed about the play, even for those looking to part ways with their BAM shares.

Those seeking an asset-management pure play will do well with BAM. However, for those seeking exposure to some of the best alternative assets out there, BN stock is still a solid name for the long run.

At writing, shares of BN yield 1.76%, with a 15.62 times trailing price-to-earnings (P/E) multiple. For most investors not looking to double down on the asset management service aspect, BN is a great deal at \$44 and change.

For those seeking a greater yield, the "lean" BAM may be a better bang for your buck. The firm plans to pay 90% of distributable earnings every year. Depending on where the stock heads next, investors can expect a yield in the 3-3.5% range.

Spin Master

Spin Master is a toymaker that's trading at a mere 8.7 times trailing P/E. For a mid-cap (\$3.4 billion) company that can bring the fight to its rivals in the toy industry, I think a higher multiple is warranted. The company has been making good use of its balance sheet over the years, scooping up assets that fit well in its already strong toy lineup.

With the stock nearing 52-week lows, I'd look to the name to impress as it looks to tackle low expectations in 2023. With a 1.96 beta, investors should be ready for a choppy ride than the market. Mid-cap stocks in general tend to be a wilder ride than their larger-cap counterparts.

More volatility in the mid-cap space does tend to increase the odds of market mispricings, though. In that regard, I view TOY stock as one of the more [undervalued](#) stocks in the TSX right now.

CATEGORY

1. Investing

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2. TSX:BN (Brookfield)
3. TSX:TOY (Spin Master)

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Author

joefrenette

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