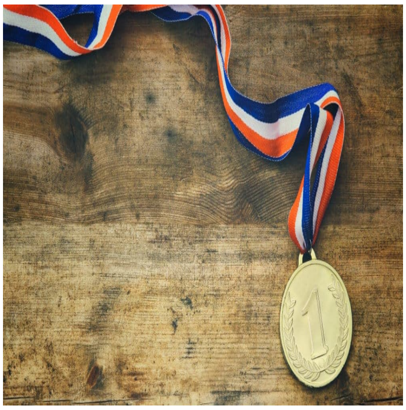

2 Hot TSX Stocks That Could Keep On Winning Through 2023

Description

Most TSX stocks were major laggards through 2022, but there were a few names that bucked the trend, rallying higher in the face of the rate-driven market selloff. Undoubtedly, momentum investors may be inclined to chase “what’s working” in this hostile market environment where there’s volatility all over the place. Though momentum-based investment strategies seldom produce desirable results over the long term, I view the two names outlined in this piece as more than capable of continuing to win as the storm of recession headwinds comes rolling in.

As always, investors need to put in ample due diligence before investing a penny into any name. With the S&P 500 fluctuating in the depths, it’s unclear as to what can get it unstuck. Indeed, plunging inflation and resilient earnings could do wonders. However, many investors fear that the impact of recent rate hikes has not yet worked its way into earnings. This could make for a jittery market environment through the first half of the year.

In this piece, we’ll consider two value-rich TSX stocks that are still reasonably priced in my opinion. Without further ado, consider shares of insurance and investment holding company **Fairfax Financial Holdings** (TSX:FFH) and investment and asset management firm **Onex** (TSX:ONEX).

Fairfax Financial Holdings

Fairfax stock has a knack for zigging when markets zag. The stock outperformed during the Great Financial Crisis and could be in a spot to outdo markets in a potential 2023 recession.

Indeed, Fairfax is an insurer with an improving track record. However, it’s the investment side of the business that makes me optimistic about the firm’s market-beating abilities. Run by Prem Watsa (Canada’s Warren Buffett), Fairfax is a hedge fund-flavoured play. Watsa loves a good value proposition, and he’s willing to place a big bet in his best ideas.

His ideas don't always pay off, but I think his abilities can turn Fairfax into a market beater when the times get tough. At 33.8 times trailing price-to-earnings (P/E) ratio, I don't think the stock is appreciated by investors.

Onex

Onex stock is another investment management play, but one that got crushed in 2022. Shares fell around 36% at its worst, but the name has since stabilized. The main draw to the firm (behind such firms as WestJet) is the valuation. The stock trades at 0.51 times price to book, making it one of the cheapest deep-value plays in the mid-cap space.

Further, Onex stock goes for 4.7 times forward P/E. Indeed, Onex isn't as lowly correlated as the likes of a Fairfax can be when times get tough. However, fans of getting a big bang for their buck should look no further than the name, as the upper-level faces a refresh for the new year.

With founder Gerry Schwartz departing as chief executive officer, Onex faces an interesting roadmap in 2023. Macro headwinds could continue to weigh, but one has to think that most of such negativity is already baked in.

Bottom line

Fairfax and Onex are great value plays that could help you better navigate the choppy waters of 2023. Personally, I like Fairfax more at these levels. I'm a fan of Prem Watsa and think he can turn a recession year into a year of gains for shareholders.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:FFH (Fairfax Financial Holdings Limited)
2. TSX:ONEX (Onex Corporation)

PARTNER-FEEDS

1. Business Insider
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3. Koyfin
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