



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

Description

After experiencing a volatile year in 2022, equity investors can now look to boost portfolio returns in the next few years by purchasing quality stocks at depressed valuations. The time is ripe to allocate a portion of your investment capital towards [fundamentally strong stocks](#).

Here, I have identified two such stocks that Canadian investors can buy right now.

Brookfield Infrastructure Partners

A well-diversified company that manages a wide portfolio of physical assets globally, Brookfield Infrastructure Partners ([TSX:BIP.UN](#)) should be on your shopping list in 2023. With operations in the Americas, Asia, Europe, and Australia, Brookfield Infrastructure is valued at a [market cap](#) of \$21.6 billion.

Brookfield's asset base allows it to generate recurring cash flows across business cycles as they are backed by long-term contracts. These assets include natural gas pipelines, toll roads, ports, railroads, cellular towers, data centers, regulated transmission lines, and more.

Brookfield Infrastructure has already created massive wealth for investors since it went public in early 2008. The stock has returned 1,380% in the last 15 years and still offers investors a forward dividend yield of 4.1%.

The global asset manager has already deployed US\$2.8 billion in capital expenditures in the first nine months of 2022, which should allow Brookfield to increase cash flows and dividends going forward. With a sustainable payout ratio, the company expects to increase distribution between 5% and 9% annually in the near term.

Brookfield also aims to expand its base of cash-generating assets inorganically or via acquisitions. For instance, in recent years, it has entered verticals such as communications and data infrastructure on the back of highly accretive acquisitions.

Investors should also note that Brookfield Infrastructure enjoys pricing power and has increased its funds from operations by 24% year over year to US\$525 million in Q3 of 2022, despite an inflationary environment.

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BIP stock is currently priced at a discount of over 25% compared to consensus price target estimates. After accounting for dividends, total returns will be closer to 30%.

Lululemon Athletica

A Canada-based apparel giant **Lululemon Athletica** ([NASDAQ:LULU](#)) is valued at a market cap of US\$40.3 billion. Trading 34% below all-time highs, LULU stock has still returned 377% to shareholders in the last 10 years.

In the last 12 months, Lululemon has been wrestling with lower profit margins and high inventory levels. So, it has failed to pass rising costs to customers while also being impacted by lower consumer demand.

However, Lululemon is forecast to increase sales by 28.3% year over year to US\$8 billion in fiscal 2023 (ending in January) and by 13.7% to US\$9.1 billion in fiscal 2024. Its adjusted earnings are expected to improve from US\$7.8 per share in 2022 to US\$11.41 per share in 2024.

Valued at 29 times forward earnings, Lululemon might seem expensive. But the company's strong brand value and stellar growth estimates allow LULU stock to trade at a premium.

Analysts remain bullish on LULU stock and expect it to gain 20% in the next 12 months.

CATEGORY

1. Dividend Stocks
2. Investing

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2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)

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