



2 TSX Stocks I'll Be Buying Hand Over Fist in February 2023

Description

The first month of 2023 has been quite eventful for equity investors as major indices gained pace in recent trading sessions. But the stock market is expected to remain volatile in the near term due to elevated inflation numbers, the rising cost of debt, and the possibility of a recession.

While it's impossible to time the market, the ongoing volatility provides investors an opportunity to buy fundamentally strong stocks at a cheaper multiple. Here, I have identified two such TSX stocks investors can buy in February 2023.

Brookfield Asset Management

One of the largest alternative asset managers globally, **Brookfield Asset Management** ([TSX:BAM](#)) is a well-diversified TSX giant. With over US\$750 billion in AUM, or assets under management, Brookfield has a presence in multiple sectors. They include clean energy, infrastructure, transportation, real estate, and private equity.

In late 2022, **Brookfield Corp** announced the spin-off of Brookfield Asset Management. As part of BAM's public listing, Brookfield retained a 25% interest in the asset management business. This move is expected to unlock shareholder value as investors benefit from the income generated by the asset management business.

To expand its presence in the private markets, BAM also acquired **Deutsche Bank AG's** secondaries asset management business last month for an undisclosed sum. The secondaries market simplifies the process for investors wanting to sell their stakes across private equity deals, thereby increasing liquidity in this segment.

A Bloomberg report states deal volumes in the secondaries market stood at US\$53 billion in the first six months of 2022. This deal may allow Brookfield to achieve its target of US\$1 trillion in assets under management by 2027.

Brookfield Asset Management forecasts annual growth in fee-related earnings between 15 and 20% in

the medium term. Additionally, the company will also earn income via management fees on capital deployed on behalf of its investors. Another income source is the carried interest on the total funds raised by the company.

BAM expects fee-based earnings to touch US\$4.5 billion by 2027, while net carried interest income should reach US\$1.5 billion. Given these projections, BAM stock might trade between US\$71 and US\$94, indicating an upside potential of between 100 and 200%.

Cargojet

One of the top-performing [TSX stocks](#) in the last decade, shares of **Cargojet** ([TSX:CJT](#)) are down 50% from all-time highs. However, CJT has still returned 1,550% to shareholders in dividend-adjusted gains since February 2013.

Despite a challenging macro-environment, Cargojet increased sales by 36.6% year over year to \$713 million in the first nine months of 2022. However, rising commodity costs and pricing pressures meant the company's gross margins fell by 350 basis points to 26% in this period.

At a [market cap](#) of \$2.1 billion, Cargojet stock is valued at less than three times forward sales, which is quite reasonable for a high-flying growth stock. As the company generates consistent profits, it also pays shareholders a dividend and currently offers a yield of 0.94%. These payouts have increased at an annual rate of 6.6% in the last 11 years.

Analysts remain bullish on CJT stock and expect it to gain over 50% in the next 12 months.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. NYSE:DB (Deutsche Bank)
3. TSX:BAM (Brookfield Asset Management)
4. TSX:CJT (Cargojet Inc.)

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Date

2025/06/28

Date Created

2023/02/01

Author

araghunath

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