TFSA Investors: 2 TSX Winners in 2022 Could Keep on Shining in 2023

Description

It's been a great kick-off to 2023 for investors hanging in there. But risks still remain, as Canada looks to enter a recession. Markets may be looking into the future, but there's a chance that they may be looking too far into the future, perhaps underestimating the bumpiness of the road that lies between now and the recession's end. If there are bigger bumps in the road that markets can't see today, a correction is always a possibility.

Right now, pundit correction calls are loud and clear. That said, I wouldn't dump recent gains either, as there's always a chance the Federal Reserve says something that provides investors with relief, rather than angst.

In this piece, we'll look at two TSX winners from last year that still offer a decent value for investors. Whenever you've got a good mix of stock-price momentum and sound value, you could have a timely name worthy of stashing in your TFSA for the long term.

Without further ado, let's consider **Fairfax Financial Holdings** (TSX:FFH) and **Waste Connections** (TSX:WCN), two winners that could continue winning, even if we're bound for more bumps in the road into and out of a potential recession.

Fairfax Financial Holdings

Fairfax Financial Holdings is an insurance and investment holding firm run by legendary value investor Prem Watsa. He's best known as the Canadian Warren Buffett. Personally, I don't find much similarity between the two iconic investors. First, Watsa makes good use of hedges and tends to target deep-value investments, whereas Buffett is more about buying "wonderful businesses at fair prices" and isn't much of a user of hedge fund-esque securities to protect against market crashes.

Undoubtedly, Watsa's hedges paid off big during the Financial Crisis. However, hedging has curbed returns when times were good. Timing the macro is hard. But I still think Watsa is deserving of respect for navigating Fairfax flawlessly through the 2008 stock market crash, even though it may be tougher to repeat the same resilience for the next meltdown.

Regardless, I do think Watsa is a fantastic investor. Last week, Fairfax got a big upgrade from BMO Capital Markets' Tom MacKinnon, who raised shares to outperform from market perform. MacKinnon was a fan of its "strong underwriting income" in the challenging environment.

The stock's up over 36% over the past year. With underwriting improved and Watsa continuing to make smart moves, I view Fairfax as a worthy market bargain with shares going for just 1.2 times price-to-book.

Waste Connections

Waste Connections is a wide-moat company that investors can buy and forget (hold) for decades without losing much sleep. The stock's up around 16% over the past year, thanks in part to some solid second- and third-quarter numbers, which both beat on the bottom line.

The company doesn't always beat (it missed by a penny in Q1). However, you won't get much in the way of shockers with the waste collector. It's about as stable a business as you could ask for. In uncertain times, I'd argue a huge premium is deserved.

The stock trades at 42.9 times trailing price-to-earnings. That's quite rich, but if you want a firm with defensive growth prospects, the name is tough to pass up, even at these heights. In short, Waste Connections is a wonderful business at a pretty fair price in my books.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:FFH (Fairfax Financial Holdings Limited)
2. TSX:WCN (Waste Connections)

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