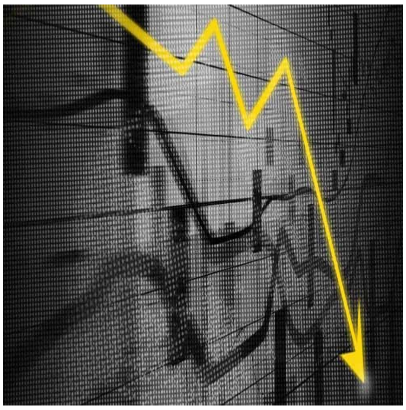

Have $2,000? Buy These TSX Stocks if the Market Crashes Again

Description

The summer bull run is starting to look shaky for **TSX** stocks. Since September, the TSX Index has corrected almost 800 points, or 5%. Formerly strong sectors, like technology, are adjusting — likely back to more reasonable valuations. Stocks such as **Shopify** (Canada's largest stock by market capitalization) were trading with nosebleed valuations, so its recent 18% drop is probably expected.

Many concerns could rock TSX stocks over the next few months

With concerns like the coronavirus resurgence or the U.S. elections, markets were due for some volatility, and perhaps even a correction. For some investors, this may appear cataclysmic, yet for the shrewd investor, this volatility could be a great opportunity to buy for the long term. Here are two TSX stocks I would pick up if the stock market were to crash or correct again.

Enghouse won in the last recession, and it could do it again

The pandemic crisis could mean stocks will be volatile for much longer than we anticipated. Right now, I want to own stocks that have cash-rich balance sheets and expertise at investing capital over the long run. I can't think of a better TSX stock than **Enghouse Systems** (TSX:ENGH).

In the 2009 financial crisis, Enghouse utilized its strong net cash position to invest in some beaten-up software businesses. It had to be patient to wait for valuations to collapse during and after the crisis. Yet, its patience paid off.

Its stock was one of the best TSX performers over the last decade, earning shareholders a total return of 2,886%! Presently, Enghouse is sitting with $228 million in net cash, and I believe it is primed for organic and acquisitive growth.

Also, Enghouse has a great portfolio of software services that should benefit from long-term secular trends such as 5G, work-from-home, teleconferencing, and the internet of things. This TSX stock is efficient with capital and a cash flow machine. That makes one stock I want to buy in any correction.

CP Rail is chugging on during the pandemic

Another TSX stock I would buy on any pullback is **Canadian Pacific Railway** (TSX:CP)(NYSE:CP). Along with many other transportation stocks, CP has had a strong 51% recovery since March. The stock is trading with a price to earnings ratio of 23 times, which is actually at the lower range of peers (between 20 and 31 times). I would probably wait for a bit of a cool off in the stock to start a position.

I like CP for a few reasons. First, it operates in a duopoly in Canada. Its transportation in Canada's commodity-driven economy is crucial for the country's economy to operate. Its rail infrastructure will attract volume demand now and for many years to come.

Second, CP has taken the 2020 pandemic crisis to invest in its infrastructure, improve routing, and create traffic efficiencies. CP is relentless about creating operational efficiencies through precision scheduled railroading. Consequently, in August, CP was able to ship its largest volume of grains across Canada, ever.

CP just signed an intermodal shipping agreement with **Maersk**, one of the largest shipping container companies in the world. This deal should create opportunities for CP to grow volumes beyond just commodities and play into global and continental e-commerce growth trends.

In July, CP raised its dividend by 15%. This demonstrates management's confidence in its business and is an overall reflection of CP's strong capacity to grow earnings. With this all in mind, CP is a perfect TSX stock to pick up in a correction and hold for a very long time.

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