



2 Top TSX Stocks to Buy When the Market Tanks

Description

The **TSX Index** trades near its all-time high and most analysts expect a healthy correction to occur in the near term. Market pullbacks can be scary, but they offer good buying opportunities on top TSX stocks.

A top TSX stock to buy on pullbacks

CN ([TSX:CNR](#)) ([NYSE:CNI](#)) is a leader in the North American rail industry. The firm operates nearly 20,000 route miles of tracks and carries \$250 billion worth of cargo annually. In short, CN is a key part of the smooth functioning of the Canadian and U.S. economies.

Buy-and-hold investors like to own stocks with wide moats. When it comes to CN the sustainable competitive advantage is about as solid as one can find in a business. The rail industry enjoys structural advantages that likely won't change. In fact, the odds of new lines being built along existing routes are pretty much nil. When major railways try to merge, they tend to run into regulatory roadblocks.

CN is unique with its network that connects to three coasts. That is important for securing intermodal business as domestic and international clients move goods through ports. CN invests heavily in new locomotives, rail cars, track upgrades, technology, and strategic intermodal hubs. The 2021 capital program is set at \$3 billion.

Despite the big investments, CN still has lots of free cash flow left over to provide investors with generous [dividend](#) increases. Free cash flow hit a record \$3.2 billion in 2020. The board raised the dividend by 7% for 2021 and share buybacks are also on the way.

CN trades near \$136 per share at the time of writing. The stock topped \$147 in early January. A pullback to \$130 or lower would be an attractive entry point.

Buying CN stock on dips tends to result in solid long-term gains. A \$5,000 investment in CN just 20 years ago would be worth \$100,000 today with the dividends reinvested.

A buy on a dip

Brookfield Asset Management (TSX:BAM.A) ([NYSE:BAM](#)) just [reported](#) record results for Q4 2020.

The alternative asset management giant finished 2020 with US\$602 billion in total assets under management. The company invested US\$44 billion last year and is putting money to work again in 2021.

In January Brookfield announced plan to take the real estate subsidiary, **Brookfield Property Partners**, private. Another subsidiary, **Brookfield Infrastructure**, revealed its intention to acquire **Inter Pipeline**.

With a war chest of \$77 billion to deploy Brookfield Asset Management can take advantage of the current economic challenges around the globe to buy strategic assets at [cheap](#) prices. Investors could see a number of deals in the next two years.

The board just raised the dividend by 8% for 2021, so management is confident in the outlook for the year.

The company CEO said he thinks the stock is worth US\$57 compared to the price at the time of US\$41. The share price rose on the comments, but the stock still trades around US\$43 on the NYSE and \$55 on the **TSX**.

A run to \$75 on the TSX is definitely possible over the next couple of years.

In the event we get a meaningful correction in the market, the stock could dip to \$45. That would give new investors huge upside potential assuming the market eventually agrees with the CEO's valuation.

The bottom line on top TSX stocks

CN and Brookfield Asset Management are leaders in their respective industries and should be attractive buy-and-hold picks when the next market correction occurs.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. NYSE:CNI (Canadian National Railway Company)
3. TSX:BN (Brookfield)
4. TSX:CNR (Canadian National Railway Company)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

Date

2025/09/14

Date Created

2021/02/18

Author

aswalker

default watermark

default watermark