Got $2,000? 2 Top TSX Stocks to Buy Today

Description

The **S&P/TSX Composite Index** is off to a good start this year. The index is up now more than 5% since the beginning of 2021. So, why has everyone been talking about a market sell-off as of late?

The entire market as a whole may be doing well, but we have seen a steep sell-off in many popular **TSX** stocks. Tech, in particular, has been hit hard over the past several weeks.

The tech-heavy **Nasdaq Composite Index** has dropped more than 10% since the first week of February. As a result, investors are seeing a long list of top companies trading at very favourable discounts right now.

Investing during a market sell-off like this isn't always easy. There's a good chance that you could invest $2,000 in a top TSX stock today, only to watch it fall 5% within the week.

If you're a short-term trader, you might not want to put $2,000 into TSX stocks right now. Losing 5% in a week doesn't sound very appealing if you've got a short-term time horizon. But if you're a long-term Foolish investor with time on your side, there are some fantastic deals to be had right now in the Canadian stock market.

To get you started, I've put together a list of two beaten-down TSX stocks that are ripe for a turnaround. As long as you have a time horizon of at least five years, there's no reason to believe these two companies won't soon return to delivering market-beating growth to its shareholders.

Dye & Durham

Dye & Durham (TSX:DND) was one of the top-performing TSX stocks in 2020. The company put up growth of nearly 250% in 2020 in just six months, as the tech stock joined the TSX in July of last year.

As of late, though, Dye & Durham stock's price has had a steep drop. Shares of the $2 billion tech company are down close to 30% in less than one month.

The good news is that nothing has fundamentally changed with the company over the past month. Drops like this are not uncommon for stocks with high valuations. Even after a near 30% drop, Dye &

Durham is still trading at a price-to-sales ratio of 30.

At that kind of valuation, volatility should certainly be expected from shareholders. But if you're looking to own a high-growth tech stock with market-beating growth potential, this is a solid choice.

Northland Power

Northland Power (TSX:NPI) may not be a tech stock, but it's sure trading at an opportunistic discount. The renewable energy company has seen its share price drop by almost 20% since early February of this year.

The renewable energy sector is one that I'm extremely bullish on over the next decade. The tailwinds for the sector are really starting to heat up. Investors are seeing green energy stocks as some of the top-performing companies in the stock market over the past 12 months.

Over the past five years, shares of Northland Power are up just about 100%. That's good enough for more than doubling the returns of the TSX Composite Index.

I believe this TSX stock is just getting started, though. Of the 100% share price growth over the past five years, close to 70% of that came in 2020 alone.

A repeat performance in 2021 may be a lot to ask, but I don't think Northland Power should have any trouble continuing to outperform the Canadian stock market over the next five years.

Foolish bottom line

Whether you're completely new to investing or have been doing this for decades, watching your stocks drop 20% in one month is not easy. What's makes it easier to endure is reminding yourself that you're in this for the long term. Once you have that long-term view, a 20% drop is something you'll learn to look forward to, as you'll get an opportunity to pick up shares of top companies at rarely discounted prices.

If you've got $2,000 to invest right now, don't let the recent sell-off stop you from investing in either of these two top TSX stocks.

CATEGORY

1. Energy Stocks
2. Investing
3. Tech Stocks

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1. DND
2. dnd stock
3. dye and durham
4. dye and durham stock
5. energy

6. green energy
7. growth
8. growth investing
9. growth stocks
10. northland power
11. NPI
12. npi stock
13. renewable energy
14. tech
15. tech stocks

TICKERS GLOBAL

1. TSX:DND (Dye & Durham Limited)
2. TSX:NPI (Northland Power Inc.)

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14. tech
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Date
2025/09/04
Date Created
2021/03/11
Author
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