3 TSX Stocks to Buy on the Dip and Hold for the Long Term

Description

Most of the TSX stocks went through the roof and delivered exceptional returns on recovery in demand and expected revival in corporate earnings. However, stretched valuations and an expected slowdown in growth rates due to the normalization in demand on the economic reopening led to selling in several fundamentally strong TSX stocks.

Notably, I see the pullback as a solid buying opportunity for long-term investors to generate outsized growth. Accordingly, I have shortlisted three top-quality stocks that have shed some of their gains and have solid fundamentals. So, if you have $1,000, consider buying these high-growth stocks on the dip.

Enghouse Systems

Enghouse (TSX:ENGH) stock has consistently made money for its investors. The tech giant has delivered double-digit revenues and earnings growth in the past five years, driven by continued momentum in its core business and benefits from acquisitions. Its two-pronged growth strategy continues to push its stock higher and supports higher dividend payments.

Enghouse stock has witnessed a pullback in the recent past as an expected normalization in demand and easing of lockdown measures could moderate its growth rate. However, I see this dip as an excellent buying opportunity for long-term investors. Despite the economic reopening, I expect the demand for Enghouse's software and services to remain elevated.

Furthermore, its diversified product portfolio, growing recurring revenue base, focus on strategic acquisition, and expansion in high-growth markets are likely to drive its top and bottom line and drive its stock in the coming years. Also, its debt-free balance sheet, cost efficiencies, and stable operating cash flows support my optimism and could drive its future dividend payments.

Cargojet

Cargojet (TSX:CJT) stock, which delivered exceptional returns in 2020 due to the pandemic-led demand for air cargo services, has plummeted by about 19% this year on fears of expected normalization in demand and tough year-over-year comparisons.

However, the pullback is an opportunity to go long on Cargojet stock to generate a significant amount of wealth in the long run.

Looking ahead, I expect international growth opportunities, continued increase in e-commerce demand, and cost management to continue to boost the company's revenues and margins and push its stock higher.

Cargojet is also likely to gain big from the continued momentum in its core business, long-term contracts, and higher client-retention rates. Further, the company's industry-leading competitive positioning, network optimization, speed to market, price hike, and next-day delivery capabilities provide a solid underpinning for future growth.

Goodfood Market

Investors could consider adding **Goodfood Market** (TSX:FOOD) stock for its solid growth prospects . Goodfood Market stock fell by 38% this year, as the economic reopening and the warm weather conditions adversely impacted its quarter-over-quarter active subscriber growth rate.

Despite the near-term challenges, Goodfood Market remains well positioned to deliver strong financials, thanks to the increased spending on e-commerce platforms and the growing shift towards online grocery delivery services. Further, I expect its order rates and basket size to increase, reflecting expanded product offerings and reduced delivery time.

Moreover, the online grocery provider could continue to gain from its robust delivery network, launch same-day delivery services, and targeted marketing. Overall, Goodfood Market stock is trading cheap and offers good growth.

CATEGORY

1. Coronavirus
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TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)
2. TSX:ENGH (Enghouse Systems Ltd.)
3. TSX:FOOD (Goodfood Market)

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