



Got \$1,000? 3 Top TSX Stocks to Buy Today

Description

Markets could trade somewhat weak, as the new Delta coronavirus variant has raised questions on reopenings. However, here are three TSX stocks that will likely shrug off near-term headwinds and outperform in the long term.

Toronto-Dominion Bank

As an investor, we can benefit from the leading indicators from the south of the border. After the recent stress tests, the Federal Reserve allowed U.S. banks to raise shareholder payouts. There has been a flurry of dividend increases and share buybacks this week from almost all leading U.S. banks.

Goldman Sachs announced to increase its payout by 60%, while **Morgan Stanley** doubled its quarterly dividend.

We will likely see similar announcements from Canadian banks as well. **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is comparatively well placed among its peers, mainly because of its large surplus cash. The Canadian banking regulator has not yet given the green light to raise dividends. But shareholders could see higher dividends and share buybacks resume probably later this year.

TD Bank stock is currently trading at 3.6%, which is in line with its peers. Institutional investors could turn to Canadian bank stocks once they initiate share buybacks. TD stock is already up almost 50% in the last 12 months. It could create robust shareholder value given its potential to raise dividends and earnings recovery.

Absolute Software

If you are looking for a relatively less-volatile tech play, **Absolute Software** (TSX:ABT)([NASDAQ:ABST](#)) should be on top of your list. It is a \$900 million cybersecurity company that offers decent growth prospects. It provides security software services to more than 500 million end-user devices.

Absolute Software has seen relatively superior [revenue](#) growth for the last few quarters. Notably, it has

managed to keep its gross margins constant at close to 90% in the same period. Moreover, the management is upbeat about its top-line growth, driven by increasing subscriber base and growing recurring revenue.

It expects 14-15% revenue growth year over year this year, which is up from its earlier guidance of 12%. Absolute stock is trading 30% lower than its 52-week high of \$25 early this year. This could be an excellent opportunity for long-term investors given its reviving revenue growth and the recent correction.

Air Canada

The aviation sector could see pent-up demand in the post-pandemic world. Travel trends are already showing robust demand recovery in the U.S. amid summer. As mentioned above, Canada could see similar trends on the travel front as the U.S. in the next few months.

And that's why **Air Canada** ([TSX:AC](#)) is one of my top [reopening plays](#) for long-term investors. Returning leisure travel could compensate for corporate travel and will likely play well for Air Canada's top-line growth. Air Canada stands tall among peers to cater to the increasing demand with its controlling market share and a wide network of international and domestic routes.

The new coronavirus variant and ongoing air travel restrictions might play a spoilsport in the short term. However, Air Canada should see significant growth in the next few quarters, as its revenues grow, and the balance sheet replenishes.

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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:ABST (Absolute Software)
4. TSX:AC (Air Canada)
5. TSX:TD (The Toronto-Dominion Bank)

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