



## Top TSX Stocks to Buy if the Stock Market Corrects

### Description

The stock market is starting to look relatively fragile. Valuations are at all-time highs, while investors are worried about inflation and higher interest rates in the near term. That's made TSX stocks more volatile and prone to severe corrections, as we saw on Thursday.

However, the best investment opportunities often emerge in the midst of a crisis. When valuations plunge and stock markets crash, here are the top TSX stocks you should look to add to your portfolio.

### TSX stock #1

**Constellation Software** ([TSX:CSU](#)) rarely trades at a discount. The company is widely regarded as one of the most robust tech stocks on the market. More than half of its software clients are government agencies with long-term contracts. That means Constellation's cash flows are reliable and relatively predictable.

Unsurprisingly, investors jump in and buy the stock at every hint of weakness, making it perpetually overvalued. However, Constellation stock dropped 20% during the market crash of March 2020. If you invested at the bottom of that crisis, your investment would have gained 58.7% by now.

Constellation stock is currently trading at a price-to-free cash flow ratio of 41.4, which is higher than its long-term average. A stock market crash could make this TSX stock more fairly valued, which is probably when you should consider adding it to your long-term portfolio.

### TSX stock #2

**Docebo** ([TSX:DCBO](#))([NASDAQ:DCBO](#)) is the subject of renewed investor interest after a roller-coaster first half of the year. The stock has turned bullish in recent weeks, going by the 50% rally from 2021 lows. The rally has come at the back of a high turnover in traded shares, affirming strengthened investor confidence about the company's growth prospects.

The Canadian tech company has made a name for itself as a reliable provider of [cloud-based learning](#) management systems. Its cloud solutions are used to train internal and external workforces while also helping enterprises with centralized learning materials, thus expediting the learning process.

The company delivered solid first-quarter results signaling its cloud solutions are resonating well with consumers. Total sales were up 61% year over year to highs of \$21.7 million, as subscription revenues came in at \$19.8 million, accounting for 91% of total revenue. Docebo also delivered a gross profit of \$17.9 million, as margins came in at 82%.

## Docebo's growth prospects

There are several signs that Docebo can sustain this growth trajectory. Demand for the company's remote-learning services is growing, which explains a 60% increase in recurring revenue in the first quarter.

After a 400% plus rally in 2020, Docebo is down by about 10% from its all-time highs. While the stock is not cheap, going by the price-to-sales multiple of 33 and price-to-book multiple of 12, a stock market correction could make the valuation more attractive.

## Bottom line

The stock market is still trading near all-time highs. If it corrects, bargain hunters could finally get an opportunity to add TSX stocks at attractive valuations.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:DCBO (Docebo Inc.)

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