1 Top Stock Witnessing a Pullback on the TSX Today!

Description

Motley Fool investors looking for deals may have actually missed out on some pretty great opportunities . True, investing in cheap stocks is a great option. There are still plenty to choose from in fact, especially among recovery sectors. But just because a stock isn't exactly cheap doesn't mean you should ignore it on the **TSX** today.

So here's why analysts believe you should take a pullback opportunity to buy up shares in **CAE** (TSX:CAE)(NYSE:CAE).

Not at fault!

Here's the problem. When Motley Fool investors looking at a pullback, they may relate it to performance by the company. In the case of CAE, this couldn't be further from the truth. Investors have become fearful in several ways when it comes to the TSX today. First, the TSX is trading at all-time highs. In fact, analysts believe this will continue to be the case well into the fall. And of course, this comes down to COVID-19.

COVID-19 and the Delta variant continue to wage war on not just human health, but also the economy. Until restrictions are fully lifted, which won't be until the pandemic is over, there is going to be some walking on eggshells for the foreseeable future. Companies that could possibly be affected by the COVID-19 lockdowns leave investors feeling fearful.

So this, in turn, leads to many Motley Fool investors and others taking their profits from the TSX today. I don't blame you! However, if you're a long-term investor then you need to think just that: long term. You can't let short-term fear get in the way of long-term profits. And that leads me back to CAE.

Future strength on present weakness

So ignore the investors taking profits on the TSX today. Instead, consider CAE for what it is: a strong company. The company is a producer of simulation and training equipment for defense, security, airlines, helicopters, healthcare education, and service providers around the world. Its digital operations allow users to train before managing the real thing! An invaluable service that will continue to be of use in the decades to come.

And as I mentioned, this now includes healthcare, where there continues to be a lack of digital training. CAE allows healthcare providers to train using simulations for surgery, imaging, you name it before helping a patient in person. This alone is an opportunity for Motley Fool investors to get in on this stock on the TSX today.

But CAE is also a strong company because of its acquisitions. The company recently picked up L3Harris and its military training business for US$1.05 billion, providing further growth for investors. And the fundamentals are there. During its recent earnings report, the company announced revenue growth of 37%, with the losses in adjusted EPS and operating income turning around to $0.19 and $86.2 million respectively.

Bottom line

Yet again, this stock is going through a pullback on the TSX today. Its P/E ratio isn't cheap at 92.06, but it's the future you should worry about. Shares are up 68% in the last year but have dropped about 9% as of writing, providing a strong opportunity to jump on this stock. Shares currently trade at $36.25, providing a potential upside of 18% based on market consensus estimates.
And with sales and EPS expected to climb year after year post-pandemic, this is a long-term stock anyone would want in their portfolio.

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