
# Market Correction: 2 Top TSX Stocks to Buy on a Pullback

## Description

The **TSX Index** is due for a healthy correction after the strong bounce off the 2020 crash. Investors who missed the big rally are wondering which top TSX stocks are good to buy on the next market pullback.



## TD

**TD** (TSX:TD)(NYSE:TD) is a major player in both the Canadian and U.S. retail banking segments. The bank is Canada's second-largest by market capitalization and spent the past decade and a half building a substantial American presence through a string of strategic acquisitions.

The post-pandemic economic recovery should be positive for TD and its investors. Businesses that struggled over the past 18 months will start to get back on their feet and employment numbers should continue to improve. That being said, there might be an uptick in loan defaults once government assistance programs and payment deferrals expire.

Over the medium term, the Bank of Canada and the U.S. Federal Reserve will start to increase interest rates. This could hit some borrowers and trigger new defaults on business loans and mortgages, but it should also boost TD's net interest margins. In most cases, higher interest rates are a net benefit for the banks.

The stock has already pulled back from its 2021 high of $89 per share to below $82 at the time of writing. That's still well above the $53 market the stock hit during the 2020 low, but a plunge back to this level isn't likely, given the strong performance of the loan portfolio and the resilience of the housing market during the pandemic.

TD is sitting on significant excess cash it built up to cover potential loan losses. Investors should see a big dividend hike when the banks get permission from the government to restart payout increases. The stock already looks attractive at the current price and should be viewed as a buy on any additional downside.

Investors who buy TD stock now can pick up a 3.9% dividend yield.

## Brookfield Asset Management

**Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM) is an alternative asset management company with investments in real estate, infrastructure, renewable power, private equity, and credit.

The company finished Q2 2021 with $625 billion in assets under management. Brookfield invests its own money, as well as funds raised from clients such as pension funds. Fee-bearing capital increased by $48 billion year over year to $325 billion in the second quarter.

Brookfield made several acquisitions in recent months through its subsidiaries and more deals should be on the way as it puts cash to work.

The stock is a great option for investors who want to invest in alternative assets around the world. Brookfield Asset Management has a great track record of dividend growth and that trend should continue.

The share price is up 40% in 2021, so the easy money has already been made, but the stock deserves to be an anchor pick for a buy-and-hold RRSP or Tax-Free Savings Account (TFSA) retirement fund. A dip of 5-10% could occur if the broader market corrects in the next couple of months, providing an attractive entry point.



## The bottom line

While market corrections can be scary, they give investors opportunities to buy top TSX stocks at cheap prices. If you have some cash to put to work, TD and Brookfield Asset Management are leaders in their respective industries and should be solid picks on a dip.

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aswalker