



Here Are 3 of the Smartest TSX Stocks to Buy Before 2022

Description

This September has been a rocky month for stocks on the **TSX**. With stocks still not far from all-time highs, investors can likely expect some ups and downs before we hit 2022. One of [the best investing strategies](#) is to look past short-term market noise and just buy and hold the best-quality businesses for the long term.

By this, I mean own smart stocks that have great balance sheets, strong management teams, tailwinds supporting growth, and economically resilient businesses. Here are three top TSX stocks that provide a mix of smart stability, value/income, and growth. They all look like attractive opportunities for now and into 2022.

A smart stable TSX growth stock

The first stock to own for long-term stable growth is **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)). With over \$600 billion of assets under management, it is one of the largest alternative asset managers in the world. It just hosted [its annual investor day](#) this week.

One point really stood out for me. While the company is larger than it has ever been, management actually believes its growth profile could accelerate even faster than before. It now has the breadth, scale, and positioning to build out funds and strategies in new areas. Insurance could be a major driver, as could a focus on technology investments. That is above and beyond its steady growing infrastructure, renewable power, private equity, and debt franchises.

As a result, BAM's management believes it could reasonably double its distributable earnings and company value in five years or less. The company has a great balance sheet and a very prudent management team. Consequently, this is a great TSX growth stock to buy and hold for risk-averse investors.

A top TSX value/income stock

If you are interested in a TSX value stock to buy and hold, **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) looks pretty attractive. It is one of Canada's largest producers of oil and natural gas. Certainly, it has been a volatile few years for energy stocks.

Yet CNQ was one of the only oil super-majors to grow its dividend, rather than reduce it in 2020. In fact, over the past five years, it has raised its [dividend](#) by a 14% compounded annual growth rate (CAGR). The company produces oil and natural gas with a factory-like efficiency. It has very large reserves and can produce at a very low cost.

Consequently, when oil is trading over US\$60 per barrel, it can produce incredible amounts of free cash flow. This gives it great optionality to keep reducing debt, buy back stock, raise its dividend, and even grow production if the market looks positive. This stock only trades for five times free cash flow, so it still looks very attractive today.

A consumer-focused growth stock

Not every TSX growth stock is a technology stock. In fact, if you look outside the technology sector, there are some growth stocks that are still a bargain. One stock that looks really attractive is **BRP** ([TSX:DOO](#))([NASDAQ:DOOO](#)). Through the pandemic, Canadians' savings have blossomed and expenditures on recreational vehicles like ATVs, boats, and snowmobiles have flourished.

Incredibly strong demand for these products has pushed this TSX stock up by 46% since the start of the year. BRP has a great track record. Over the past five years, it has grown revenues, EBITDA, and earnings per share by a CAGR of 9%, 17%, and 25%, respectively. Out of the pandemic, these growth rates could accelerate.

Despite, this TSX stock only trades with a price-to-earnings ratio of 12 times today. For a cheap, high-growth stock, BRP looks like a great buy before 2022.

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