3 Beaten-Down TSX Stocks I'd Buy Right Now

Description

The **TSX** has been on fire in 2021; however, there are some beaten-down, bargain-priced stocks you can buy right now. In the third quarter, the stock market was particularly volatile for stocks that missed earnings or issued lower-than-expected forward guidance.

Issues like inflation, the supply chain challenge, and even the pandemic resurgence have temporarily impacted the earnings for some great businesses. If you can think long term and beyond the temporary noise, you can grab some high-quality stocks on the cheap. Here are three depressed TSX stocks I'd be thinking about picking up right now.

A top TSX growth stock

In the third quarter, some TSX growth stocks had impressive results, but they still sold off. One of these was **Telus International** (TSX:TIXT)(NYSE:TIXT). Since it released results, its stock has pulled back around 10%. Yet, it had a very strong quarter. Revenue, adjusted net income, and adjusted EBITDA grew year over year by 30%, 32%, and 23%, respectively. This was largely in line with analyst expectations.

The company is facing some margin pressure from rising staffing costs and inflationary expenses. However, it continues to maintain a strong outlook for +35% growth for 2021. TIXT is helping some of the world's largest companies improve their digital service.

This TSX stock utilizes artificial intelligence and machine learning to better improve customer experiences and business outcomes. Business automation is a huge trend going forward, so I think TIXT is staged for many years of solid, profitable growth ahead.

A top TSX income stock

Algonquin Power (TSX:AQN)(NYSE:AQN) has been on a slow, steady decline in 2021. This TSX stock is down about 20% from all-time highs set in February. Renewable stocks were driven up beyond their historic valuations in 2020. Consequently, they were primed for some “mean reversion” downward pressure this year.

Low wind resources, the spring midwestern snowstorm, and some recent equity offerings (share dilution) haven’t helped either. However, Algonquin has some really good-quality assets. Over 70% of its business is from utilities that are largely regulated. It also has a great growing portfolio of contracted renewable power assets.

This $12 billion company is planning to acquire a large $3.5 billion utility in the United States. That gave the market jitters, and the stock sold off further. To me, the deal looks fairly attractive. In the meantime, you can collect a growing 4.75% dividend. This TSX stock is pretty cheap here. It looks like a good bargain for a stable dividend-growth stock.

A top value stock

If you want a cheap TSX stock with a large growth trajectory, **Hardwoods Distribution** (TSX:HDI) fits the bill. Most Canadians have never heard of this business. Yet it is one of the largest distributors of architectural lumber products and building materials in the United States. While this TSX stock is up 67% this year, it recently pulled back by 10%.

Hardwoods raised $87.5 million in a recent equity raise and the stock declined. It looks like a nice opportunity. For a few years, it has enjoyed nice organic growth. However, it has quietly been executing an industry consolidation strategy for years. Considering very strong housing demand out of the pandemic, Hardwoods is perfectly positioned to grow into the future.

For a TSX stock that could grow earnings by over 200% this year, it is relatively cheap. It has a price-to-earnings ratio of only 10. It pays a decent 1.1% dividend. That is merely the cherry on the cake for a very strong compounding story for years to come.

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