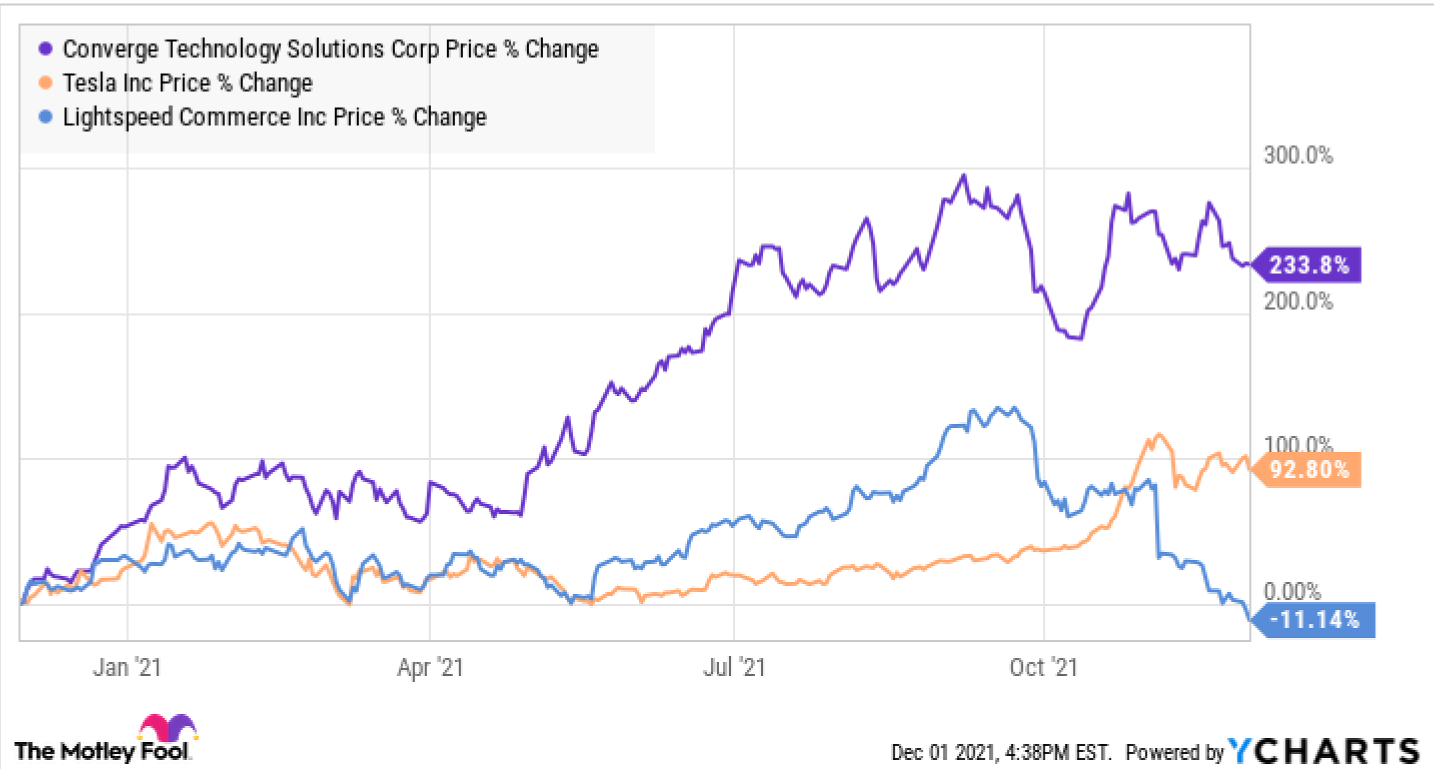
Market Correction: 2 Top TSX Stocks to Watch in December 2021

Description

Few stocks are unscathed in this current market correction. Okay, so it's not yet considered a correction for the Canadian market, which has only dipped about 5% from the peak. However, certain areas of the stock market are experiencing a real market crash. While some pain will come from catching falling knives, if you filter and pick the best of the best, you could be substantially rewarded three to five years later. Here are two top TSX stocks you should keep a watchful eye on this month.

The king of TSX stocks to watch in December

Don't take your eyes off **Converge Technology Solutions** (TSX:CTS). It has been the king of stocks in the last 12 months, beating even monsters like **Tesla** stock! It has also held up pretty well so far in the market selloff that has been especially brutal to growth stocks like **Lightspeed**.



Data by YCharts

To be fair, Converge doesn't trade at a stratospheric multiple like Lightspeed does. After a more than 50% correction, Lightspeed stock still trades at about 19.3 times the last 12-month sales and 12.2 times the next 12-month sales. In comparison, Converge's multiples of 1.8 times and 1.2 times, respectively, are much more palatable.

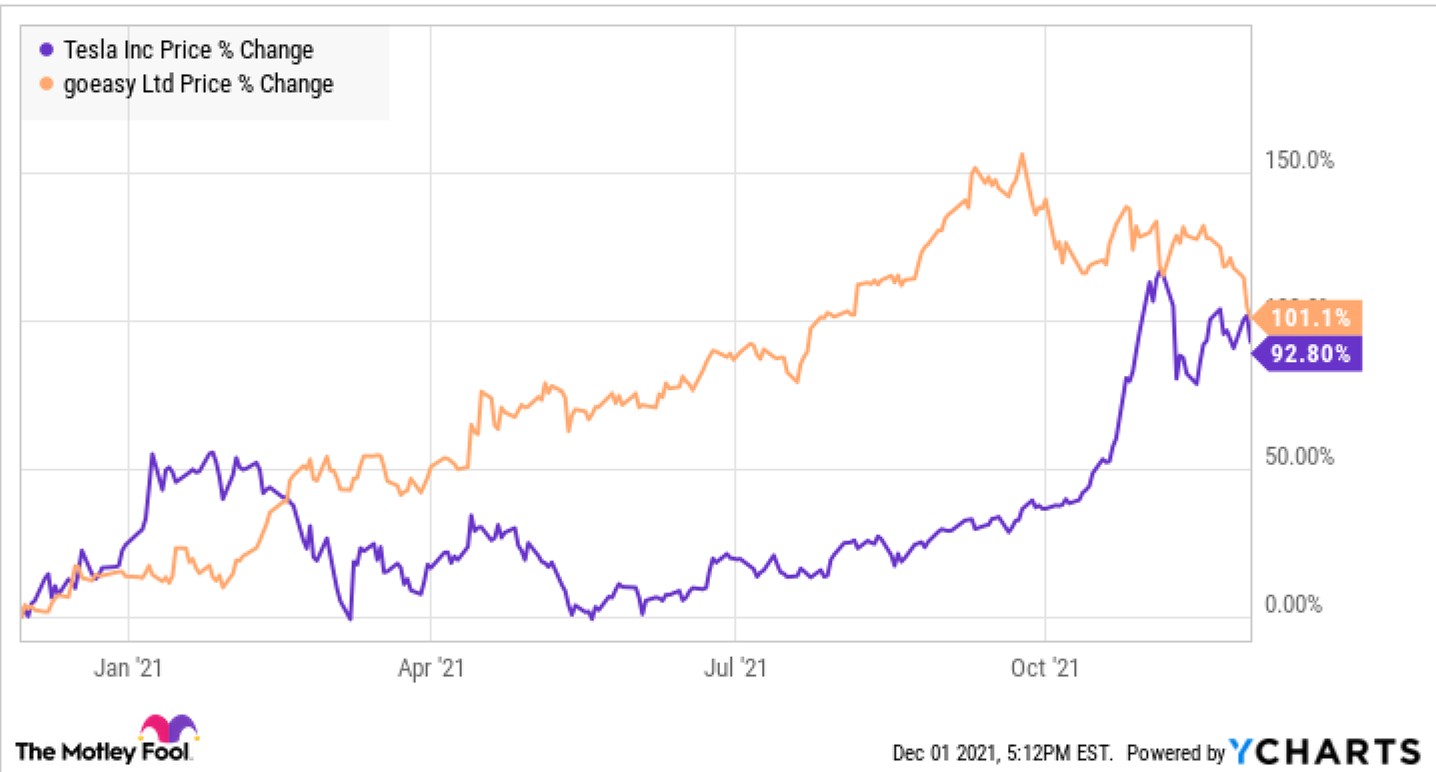
Although Converge is a relatively low-margin business as a provider of tech solutions and services, it has been executing well on its M&A strategy with solid revenue and adjusted EBITDA growth to show. In the first nine months of the year, the tech stock boosted revenue by 55% to over $1 billion from $659 million a year ago. Similarly, in the same period, its adjusted EBITDA, a cash flow proxy, increased by 59% to north of $59 million. Its year-to-date gross profit is almost $230 million, leading to a gross profit margin of close to 22.5%.

The top TSX stock is down about 16% from its peak, but it has still appreciated more than 200% from a year ago! At $10.85 per share at writing, the tech stock has room to appreciate 27%, over the next 12 months, according to the consensus price target of 10 analysts.

goeasy is another TSX stock to buy in a market correction

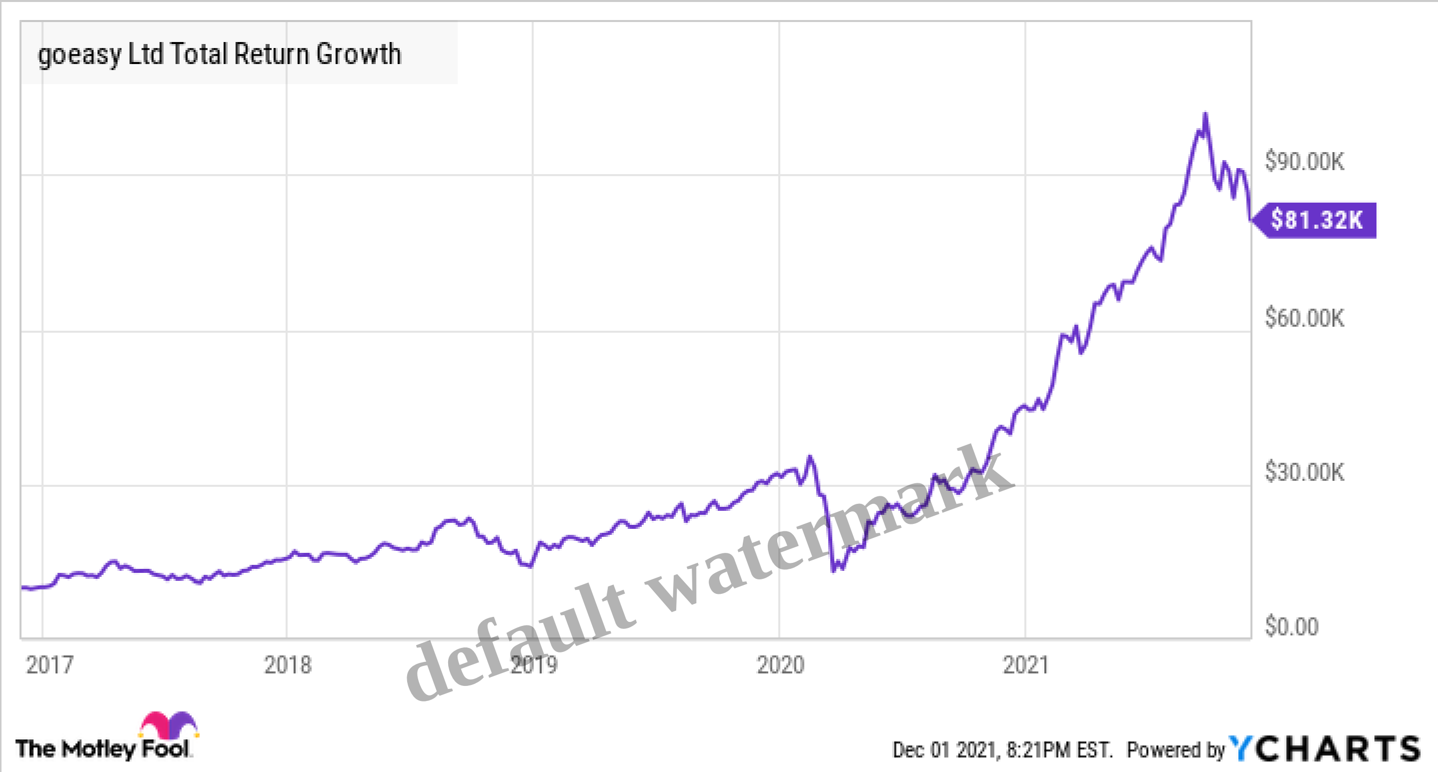
Other than Converge, **goeasy** (TSX:GSY) is another growth stock that has outperformed Tesla in the last 12 months. Analysts remain bullish on the stock, as their 12-month average price target suggests 36% near-term upside potential.

That said, the stock of the top non-prime consumer lender has corrected more than 21% from its recent peak. The downward momentum could continue. So, investors could see cheaper prices for the high-growth stock in December. Watch the stock for laddered entry points to average into a long-term position.



Data by YCharts

Though the growth stock has its ups and downs, the company is well run, which drove the stock to be an eight-bagger over the last five years and a 37-bagger in the last 10 years. Notably, goeasy is a Canadian Dividend Aristocrat that has increased its dividend at a compound annual growth rate of about 21% since 2005.



GSY Total Return Level data by YCharts

The Foolish investor takeaway

The market crash in growth stocks may not be over yet. Make sure you have a long-term investing mindset. Build your positions over the next months instead of buying in a lump sum.

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