



3 Turbocharged TSX Stocks to Buy Ahead of 2022

Description

While markets seem poised to grow into next year, the rally will likely be bumpy. Rising inflation and valuation concerns could hinder TSX stocks amid reopening efforts. Here are three top TSX stocks that could outperform peers next year.

Whitecap Resources

Oil and gas companies have had one of the best years in 2021, driven by higher energy prices. Importantly, this could just be a start, considering robust expected demand increase next year. As a result, energy companies expect even higher earnings and free cash flow growth in 2022. One of them is **Whitecap Resources** ([TSX:WCP](#)).

The \$4.5 billion Whitecap is mainly a crude oil production company with a massive earnings recovery since 2021. If the oil prices remain strong next year, the company could see higher free cash flows.

The management expects a \$209 million allocation towards [dividends](#) next year, substantially higher than approximately \$115 million spent on dividends this year. So, shareholders can expect a generous increase in their payouts in 2022. Also, a portion of the higher cash flow will likely go towards debt repayments, further increasing the balance sheet strength.

WCP stock has returned 55% so far this year. Despite a steep runup, the stock looks cheap from the valuation perspective and could continue to rise next year.

Wheaton Precious Metals

Although markets look poised to grow next year, asset allocation plays a vital role in driving investors' long-term returns. In other words, one could have a larger portion allocated to aggressive [growth stocks](#) in bull markets. However, they should also allocate a portion to defensive stocks.

Among defensives, gold streamers like **Wheaton Precious Metals** ([TSX:WPM](#))([NYSE:WPM](#)) should

play well in almost all kinds of markets. This is because streamers are high-margin, low-risk companies as against traditional mining companies. Streamers don't directly own or operate mines, but they provide an upfront payment to miners and a portion of metals produced from those mines.

WPM stock has notably outperformed peers with an almost 2% gain against 20% peers' average decline in the last 12 months. And it wasn't just last year; Wheaton stock has outperformed its peers in the last five years. Wheaton's relatively higher earnings visibility bodes well to play bullion rally against traditional miner stocks.

Nuvei

Canada's top tech stock **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) is my third pick for today. The payment-processing platform provider had been a solid wealth creator, returning 650% till September 2021. However, the stock changed course in Q4 2021 and has halved since then.

Nuvei offers [strong growth prospects](#) with its high-margin and large addressable market. Its integrated payment platform caters to e-commerce websites, cryptocurrency platforms, and to regulated sports betting companies.

Its diversified revenue base bodes well for earnings stability in the long term. Moreover, with sports betting gaining ground in the U.S. and in some emerging countries, Nuvei could see significant growth in the vertical in the next few years.

NVEI stock is currently trading around \$82 after crashing on the short-seller attack early this month. The stock could keep riding higher in the next few quarters, driven by relatively cheaper valuation and management's intact upbeat outlook.

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