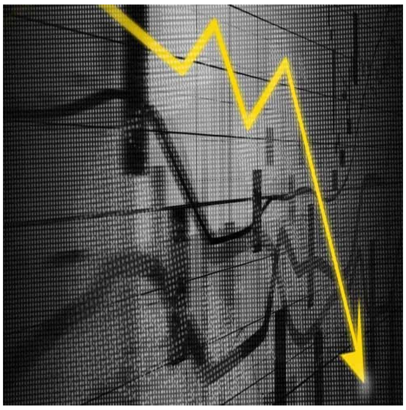

3 Stocks to Buy if the Dip Turns Into a Correction

Description

The post-pandemic growth of the TSX has been phenomenal, especially compared to the slow, almost stagnant growth in the years preceding the 2020 crash. But it hasn't been a smooth ride. The broad market index dipped a few times in the last 20 months, and some dips were steeper than others.

The most recent dip was most likely caused by the fear of the new wave, which is consistently pushing the new cases to number up for the country. And if this dip or another dip is expected to turn into a deeper, two-digit fall and evolve into a correction, you might consider adding certain stocks to your portfolio.

A golden stock

If we go by the 2020 market crash pattern, gold stocks like **Franco-Nevada** (TSX:FNV)(NYSE:FNV) might be some of the first to bounce back. And last time, the stock grew almost three times the size of its fall — i.e., it slipped about 23% during the crash in March and grew 74% by May. So, a decent bit of growth would be your immediate reward if you manage to buy the dip at exactly the right time.

But Franco-Nevada is more than just a temporary growth-oriented holding. It's a long-term growth stock that you can hold on to for decades, so buying the dip when the stock is not just attractively valued but poised for maximum short-term growth will also positively impact its long-term growth potential. And you might also be able to get a better valuation deal than what the company is offering right now.

A cargo transport company

TFI International (TSX:TFII)(NYSE:TFII), which through a combination of organic financial growth and an aggressive acquisition strategy, has evolved into one of the most powerful players in the trucking/in-land cargo transportation business in North America, is currently too hot to touch. The stock grew 400% post-pandemic, and it's still hovering near the peak.

What's even more impressive is that the valuation is rock solid. The price-to-earnings multiple is just 18, indicating that the financials are keeping up with the stock growth. But even then, a correction is overdue, and buying the dip of this powerful growth stock would be a smart thing to do.

The company recently acquired a Missouri-based company with its almost 400 refrigerated and dry van trailers.

A renewable energy stock

If you are looking for healthy dividend stocks that you can hold for the long term, **Innergex Renewable Energy** (TSX:INE) is a good pick. The company is offering a 3.8% yield and is trading at a 41% discount from its 2021 peak, which is responsible for pushing the yield up to a decent level. And if the stock falls further thanks to another correction, the yield might grow to an even more attractive 4%.

But that's not the only reason to consider adding this stock, which has already gone through a brutal correction, to your portfolio. As a renewable energy stock, Innergex has solid future potential. The company already has 79 projects in four countries (with more coming online) and a total installed capacity of over 3.8 GW. As the demand for renewable-based power grows, Innergex's financials and the stock is likely to follow.

Foolish takeaway

Not all three companies are currently overpriced or propped up on an unhealthy amount of optimism. However, all three growth stocks can do with a correction phase that can make them even more ideally valued and beef up their return potential.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:FNV (Franco-Nevada)
2. NYSE:TFII (TFI International)
3. TSX:FNV (Franco-Nevada)
4. TSX:INE (Innergex Renewable Energy Inc.)
5. TSX:TFII (TFI International)

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