



3 Must-Buy TSX Stocks if You're Investing in 2022

Description

Although the stock market didn't finish the year at all-time highs, 2021 was definitely a strong year for [Canadian investors](#). The **S&P/TSX Composite Index** ended 2021 up 20%, down a couple of percentage points from its highs in November.

Despite the pandemic not showing many signs of slowing down, there's plenty of bullish optimism in the stock market to kick off 2022. I also wouldn't let the fact that the market is near all-time highs prevent you from investing today. Even with the market soaring, there are lots of high-quality TSX stocks trading at [opportunistic discounts](#) today.

For anyone planning on investing in Canadian stocks this year, here's a list of three companies you'll want to keep a close eye on. All three picks are trading at a discount right now, so I wouldn't wait long to start a position.

Northland Power

The renewable energy sector is one area of the market that any long-term investor would be wise to consider investing in today. The tailwinds for the sector are clear, and many of the leaders in the space are trading at bargain prices.

After a strong performance in 2020, many renewable energy stocks had a rough year in 2021. Not only were they trailing the market's returns, but they were trading at a loss on the year too.

Nearing a \$10 billion market cap, **Northland Power** ([TSX:NPI](#)) is a well-diversified renewable energy leader in Canada. The company boasts a growing international presence as well, offering its global customers a variety of different green energy solutions.

Shares are up a market-beating 60% over the last five years. When including the company's impressive [dividend](#), which is currently yielding upwards of 3%, the stock has nearly doubled the returns of the Canadian market since 2016.

Now trading more than 20% below all-time highs, long-term investors won't want to miss this rare discount.

Descartes Systems

Shares may not be cheap, but **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)) has been worth every penny for its shareholders. The tech stock is up over 250% since 2016 compared to the market's return of less than 50%.

Shares are trading at an expensive forward price-to-earnings ratio above 50. That shouldn't be all that surprising, though, considering the tech stock's track record of market-beating returns.

The current supply chain issues that companies across the globe are dealing with is one of the reasons why Descartes Systems is near the top of my own watch list in 2022. The company helps its customers improve efficiencies throughout their entire supply chain operations. As a result, I'm betting that demand for Descartes Systems's services will only be increasing in the coming years.

Shares likely won't be cheap anytime soon, nor would I bank on the volatility slowing down just yet. That being said, I firmly believe the stock will continue to be a market beater for many more years.

Air Canada

Last on my list is **Air Canada** ([TSX:AC](#)). The airline stock hasn't been able to reach anywhere near its pre-pandemic prices. Shares are trading more than 50% below all-time highs, set right before the COVID-19 market crash in early 2020.

Prior to the pandemic, Air Canada had been one of the few North American airlines to be a consistent market-beating stock. Before the stock plummeted in early 2020, shares of Air Canada had been more than a five-bagger over the previous decade.

It's impossible to predict the type of condition that airline stocks will be in towards the end of 2022. So, if you're planning on investing for the next year or less, this is not a company I'd recommend. If you're investing for the long term, though, and are willing to be patient, I strongly believe it's only a matter of time before Canada's largest airline is back to driving consistent, market-beating returns.

CATEGORY

1. Energy Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. TSX:AC (Air Canada)
3. TSX:DSG (The Descartes Systems Group Inc)
4. TSX:NPI (Northland Power Inc.)

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