3 TSX Stocks Bay Street Has in its Buy Book

Description

For the first time since the tech bubble, the **S&P/500** *doubled* in the last few years after its fall during the pandemic. It's leading many analysts, those on Bay Street included, into thinking the major growth we saw among **TSX** stocks could reverse.

While other analysts argue a growth trend may not be so dependent on the economy, it's important to consider — especially if you're a long-term Motley Fool investor. With that in mind, it's a great time to get defensive about your portfolio. This would include investing in health care, real estate investment trusts, and consumer staples. These areas may even outperform in the early months of 2022.

With that in mind, here are three TSX stocks Bay Street has its eye on.

Equitable Group

RBC Dominion Securities analyst Geoffrey Kwan recently released a report on **Equitable Group** (TSX:EQB) as a top "sleeper" stock for 2022. Among financial companies, Equitable may, in fact, report the highest return in Canada. Kwan raised his rating from "sector perform" to "outperform," with a target of $88.

The recent pullback in the share price among these TSX stocks offers Motley Fool investors a strong jumping-in point. As of writing, shares trade at $73, with a price-to-earnings ratio of 8.94. With the Canadian housing and mortgage market remaining strong, Kwan believes the stock will only continue its growth path for 2022 — especially as it diversifies its product offerings.

Shares of Equitable are up 39% in the last year and offer a 1.07% dividend yield. The consensus target price remains at $94 — a potential upside of 29% as of writing.

Converge

Converge Technology Solutions (TSX:CTS) is another top choice among TSX stocks for Motley Fool investors, according to a new report produced Tuesday. Echelon Capital Markets analyst Rob Goff stated the combination of acquisitions and organic growth have put this is a prime position for long-term investors.

Converge now has a "well-proven copy/paste/accrete formula" that's seen it expand throughout North America, according to Goff. It's now expanding in Germany and the United Kingdom, completing 25 acquisitions since the third quarter of 2017. The company continues to have a solid track of making valuable acquisitions. So, analysts look forward to more of this in 2022.

Shares of Converge are up 109% in the last year among TSX stocks. It trades at about $10.65 as of writing, with a consensus target price of $13.60. That's a potential upside of 28% as of writing.

Doman Building Materials

The beginning of the pandemic saw a surge in do-it-yourself projects among TSX stocks. However, that dropped back significantly in the last year. Now, with restrictions eased, even amid the variant, Raymond James analyst Steve Hansen believes there will be a "re-accelerating" in the near future.

The lumber and building markets will likely heat up amid the strength of the Canadian and United States housing markets — especially as a backlog of building projects gets underway in 2022. The correction in share price was far too much, creating an opportunity for value investors with TSX stocks. For **Doman Building Materials** (TSX:DBM), its US$375 million acquisition of Hixson Lumber added to this value. It now has a major footprint in the southern-central U.S.

Doman Building saw Hansen upgrade his target price to $10.50, with the average remaining at $9.92. Should his target be reached, that would represent a current upside of 26% as of writing. It also offers a substantial 7.21% dividend yield.

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