



5 TSX Stocks to Buy Right Now for Strong Overall Returns

Description

The stock market started the year 2022 on a bearish note. The pandemic wave, global energy crisis, resulting inflation, and upcoming interest rate hikes led to January's 4.8% [market correction](#). Many challenges and opportunities lay ahead in 2022. It is not possible to time the market with accuracy every time. But you can make the best guess looking at the market and fundamentals and place a bet on positions you are bullish on.

Stock market trends in 2022

Both the United States and Canada's central banks would increase interest rates this year because of which all inflated [tech stocks crashed](#) in January. Oil prices could remain high as the travel demand recovery from the pandemic continues in 2022. Then [Ukraine and Russia](#) are in negotiations, but if the talks don't go so well, a war-like situation could arise. The two countries have rich oil and natural gas reserves.

Meanwhile, secular trends are brewing. The long-awaited electric vehicle (EV) and 5G trends could gather momentum, as industries reopen and production begins in full swing. The economy could pick up from where it left in February 2020 before the pandemic struck. In this volatile market, you can build a robust portfolio by getting exposure to secular trends and resilient stocks.

Resilient stocks

In a volatile market, resilient stocks like **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)) or **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) can mitigate the risk of your portfolio. Descartes is in supply chain management and logistics services. Its business is resilient to any economic crisis. In worse scenarios, like a war or a pandemic, global trade becomes complicated. The more complex the trade, the more is the need to plan and optimize it. This year, Descartes could see a demand surge from the industrial sector.

Similar is the case with the banking system. It is the backbone of any economy. Although crypto and

payments platforms are changing the banking world, conventional banks won't go anywhere. The only condition is the bank should have a sound balance sheet and funds. As one of the Big Six banks of Canada, TD Bank offers strong fundamentals.

Both Descartes and TD Bank are in a long-term growth trend. Their stocks surged at a compound annual growth rate (CAGR) of 8.4% and 25%, respectively, between January 2010 and January 2020. I did not take the post-pandemic figure, as the pandemic inflated the entire stock market and could probably skew returns to the higher side.

Secular trends

The two trends of [5G](#) and EV are here. There may be delays, but these trends are evident, because the government is investing in them. Here are two Canadian stocks that will stand to benefit from these trends:

- **BCE** ([TSX:BCE](#))([NYSE:BCE](#))
- **Magna International** ([TSX:MG](#))([NYSE:MGA](#))

The two stocks surged 20.9% and 13.6%, respectively, last year after several up and down cycles. These stocks could fall in the short term, but they have the potential to surge significantly in the mid to long term. BCE is channeling most of its cash flows to build infrastructure, but it could give good dividend growth in the long term when 5G starts earning subscriptions.

Magna is also investing in building EV and autonomous vehicle capacity. It has a strong order book that could convert into future revenue, as the semiconductor supply shortage eases. The company has partnered with 24 of the top 25 EV makers. The government offers subsidies to those who buy EVs. This means demand is building up. Moreover, many companies are working on new EV models scheduled for launch in the next three years. Magna could show strong growth between 2022 and 2025. These stocks could help your portfolio outperform the stock market.

One evergreen stock

Constellation Software ([TSX:CSU](#)) stock has a high price of close to \$2,200, but it gives stable regular returns. The stock has already surged 7.4% (or \$149) in two weeks and has given average annual returns of around 30% in the last eight years. The company has grown by acquiring cash flow-rich software companies in the niche market. This business model is still giving robust growth, making it a buy at the current price.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. NYSE:BCE (BCE Inc.)
3. NYSE:MGA (Magna International Inc.)

4. NYSE:TD (The Toronto-Dominion Bank)
5. TSX:BCE (BCE Inc.)
6. TSX:CSU (Constellation Software Inc.)
7. TSX:DSG (The Descartes Systems Group Inc)
8. TSX:MG (Magna International Inc.)
9. TSX:TD (The Toronto-Dominion Bank)

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Author

pujatayal

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