



3 Stocks to Buy if There Is Another TSX Selloff

Description

So far, 2022 has been a shaky year for **TSX** stocks. Many factors, such as geopolitical issues in Europe, rising interest rates, inflation, and supply chain challenges, are causing stocks to whipsaw on a nearly daily basis. The fact is, it is almost impossible to predict what will happen one day, or one month, to the next.

Consequently, investors must be patient and they need to invest with a timeframe of years (at least three or more) rather than days. Chances are good that volatility will persist throughout the year. That may present some great long-term opportunities to buy high-quality, [high-growth](#) businesses at selloff prices. As a result, now is a great time to build a buy list. Here are three TSX stocks I'd be interested to buy on any broad market selloff.

Aritzia: This TSX stock has a large market expansion opportunity

The first TSX stock I'm considering is **Aritzia** ([TSX:ATZ](#)). It is a Vancouver-based retailer of mid- to high-end women's (and now men's) apparel. Over the past few years, Aritzia has done a great job expanding across the Canadian market. It has also built a strong omni-channel sales platform in brick-and-mortar and online stores. Despite store closures during the pandemic, Aritzia still delivered very strong sales, earnings, and cash flow growth.

In its recent third-quarter fiscal 2022 results, Aritzia beat the market's expectations by growing revenues, adjusted EBITDA, and net income year over year by 63%, 100%, and 113%, respectively. The company is gaining quick traction in the United States. This could be a huge potential growth market. This TSX stock is not cheap at 20 times EBITDA and four times revenues. However, any reasonable pullback could be a great long-term buying opportunity.

Constellation Software: A top compounder

Constellation Software ([TSX:CSU](#)) might be one of Canada's best-performing stocks of all time. Over the past 10 years, this TSX stock has delivered a 2,780% total return. That translates to a compounded annual growth rate of nearly 40%. The company is an ideal compounding stock. It acquires niche market software businesses, harvests their cash flows, and invests the cash into more software businesses.

Last year, it deployed the most amount of capital in its history (around \$1.5 billion). While [recent results](#) were a little "noisy," at some point, those investments should start yielding significant free cash flows. Constellation has some of the best capital allocators in the world. While this stock is worth over \$45 billion today, it still has significant room to grow for many years to come.

Nuvei: A rising TSX growth stock

Another TSX stock I'd look to buy on any pullback is **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)). Keep in mind, this is a higher-risk, higher-reward scenario. Nuvei is not a cheap stock, despite a large 33% decline over the past six months. It still trades for 10 times sales and 30 times earnings.

It operates a diverse payment platform that enables merchants to manage all aspects of payments including currency, payment type, and even cryptocurrency. Since its initial public offering ([IPO](#)), Nuvei has been growing revenues annually by +50%. EBITDA and earnings have been growing at an equally attractive rate. 2021 results should be record-breaking. It is attractive to find a TSX stock that is both fast growing and highly profitable.

Payments is becoming a competitive sector, but Nuvei has a flexible platform that is geographically diversified. It is still early innings for this company. If it can execute like its managers say it can, it could produce really strong returns over the longer term.

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1. NASDAQ:NVEI (Nuvei Corporation)
2. TSX:ATZ (Aritzia Inc.)
3. TSX:CSU (Constellation Software Inc.)
4. TSX:NVEI (Nuvei Corporation)

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