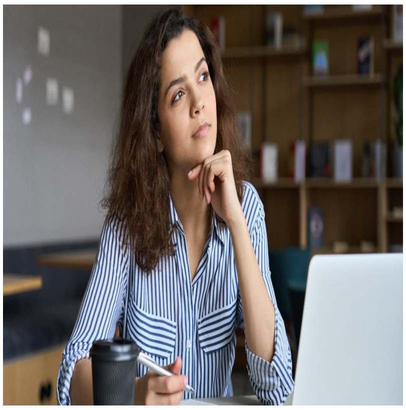

1st-Time Investors: Where to Invest $1,000 in the Current Market Scenario

Description

It’s certainly not an easy time for the markets. Even seasoned investors feel perplexed by the current market volatility. However, if you are a disciplined investor planning to pour in a specific amount regularly, the timing should not be a concern. The following TSX stocks could generate a handsome reserve in the long term.

Constellation Software

Almost all growth investors badly burned during the recent tech rout. However, investors of **Constellation Software** (TSX:CSU) were relatively better placed. While TSX tech stocks corrected almost 40% this year, Constellation stock was better off with only a 15% loss in the same period.

Constellation Software has long proven its superiority over peers, be it the financial performance or its business model. The $42 billion company acquires and operates a fleet of smaller vertical market software firms that have a leadership position in their respective domains.

In the last 10 years, its revenues and net income have grown by 21% CAGR and 15% CAGR, respectively. Very few tech companies in Canada experienced such steep and consistent growth. In the same period, CSU stock returned 2,240% relative to TSX Composite’s return of just 64%!

CSU stock might seem overvalued from traditional valuation metrics. However, its resilience speaks for itself and justifies the premium valuation.

Royal Bank of Canada

Canada’s largest bank **Royal Bank of Canada** (TSX:RY)(NYSE:RY) could be a decent bet for long-term income-seeking investors. It will report its fiscal Q2 2022 earnings on May 26.

Rapidly rising interest rates could boost its earnings in the next few quarters. In addition, bank stocks will likely outperform amid the economic growth post-pandemic. Also, RY gives away 40-45% of its earnings as dividends to shareholders. It currently yields 3.8%, in line with its peers.

The bank has increased its net income by 9% CAGR in the last 10 years, implying earnings stability. Its strong credit portfolio and scale will likely create meaningful value in a high interest rate environment.

Cardinal Energy

At the onset of the commodity supercycle in mid-2020, very few investors had stocks like **Cardinal Energy** (TSX:CJ) on their watchlists. However, those who took positions must be sitting on enormous gains today. CJ stock has gained 200% since last year and 1,800% since the pandemic.

Cardinal Energy is a small-cap oil and gas company that produces 20,000 barrels of oil per day.

Driven by a solid rally in oil and gas prices, Cardinal's free cash flows and earnings increased significantly. The company announced a dividend of $0.05 per share per month, thanks to its flourishing balance sheet. This implies a handsome dividend yield of 6.7% at the moment.

What's vital to note here is that even if oil prices fall down to US$55 a barrel going forward, Cardinal can maintain the same level of dividend. Again, this shows management's confidence in the company's future earnings growth and balance sheet strength.

Oil and gas prices will likely continue to rally, mainly because of the supply crunch. In addition, the war in Europe is certainly adding to the uncertainty and will not wane soon. As a result, TSX energy stocks like Cardinal Energy will likely see higher earnings expansion and higher shareholder value.

CATEGORY

1. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:RY (Royal Bank of Canada)
2. TSX:CJ (Cardinal Energy Ltd.)
3. TSX:CSU (Constellation Software Inc.)
4. TSX:RY (Royal Bank of Canada)

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