



## Sitting on Cash? 3 Top TSX Stocks for Beginners

### Description

If you are sitting on some cash, consider these TSX stocks for the long term, even though markets look rough.

### Air Canada

While many growth stocks have seen terrible weakness this year, Canada's top passenger airline stock **Air Canada** ([TSX:AC](#)) has been fairly resilient. The relative resilience indicates that AC stock might have a limited downside from its current levels.

Notably, the flag carrier has seen a solid recovery in its top line in the last few quarters. In the last 12 months, AC has seen its revenues jump by a massive 180% year over year. Though net profitability could take time, Air Canada's rapidly rising revenues will likely help reduce its cash burn.

Lowering the global growth outlook might hinder Air Canada's recovery. In addition, rising crude oil prices could increase jet fuel costs. However, higher fuel prices could be passed on to customers.

So, AC will be a bet for patient investors. Its market leadership position, strong balance sheet, and scale should help it return to profitability, which will create [meaningful shareholder value](#) in the long term.

### Baytex Energy

Crude oil prices have a positive correlation with energy producer stocks. When oil prices increase, energy production companies see profits and margins expand. We have seen the trend, since mid-2020 when oil prices began their up cycle.

Driven by a solid oil prices rally and expanding financials, one Canadian energy stock, **Baytex Energy** ([TSX:BTE](#))(NYSE:BTE), has soared a handsome 310% in the previous 12 months.

Baytex Energy generated \$421 million in free cash flows, relative to just \$70 million in 2020. Moreover, it utilized a big chunk of these free cash flows towards debt repayments, substantially strengthening its balance sheet.

In addition, with higher production and higher prices in Q2 2022, Baytex will likely see even higher free cash flows in the upcoming quarters. This should further deleverage its balance sheet and unlock more shareholder value.

Interestingly, there are still no signs of the oil rally easing. Apart from the war in Europe, the supply crunch is a chronic problem that global energy markets face. So, oil and gas prices will likely remain strong, boosting the growth prospects of stocks like Baytex.

## Constellation Software

Tech stocks have shown immense weakness and have dropped somewhere in the range of 25-60% this year. However, one high-growth TSX tech stock that has remained relatively strong is **Constellation Software** ([TSX:CSU](#)). It has dropped 17% so far in 2022 and is currently trading at 10-month lows.

What distinguishes Constellation from other tech stocks is its business model. It operates a fleet of smaller vertical market software firms with a dominant position in their respective domains.

So, Constellation has a large addressable market, diversified revenue base, and earnings stability. In the last five years, its revenues have increased by 19% CAGR, while free cash flows have grown by 22% CAGR. As a result, CSU stock returned almost 200% in the same period.

CSU stock might continue to outperform due to its unique business model and strong balance sheet. The recent correction could be an opportunity for discerning investors.

### CATEGORY

1. Investing
2. Stocks for Beginners

### TICKERS GLOBAL

1. TSX:AC (Air Canada)
2. TSX:BTE (Baytex Energy Corp.)
3. TSX:CSU (Constellation Software Inc.)

### PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise

7. Smart News
8. Yahoo CA

#### **PP NOTIFY USER**

1. kduncombe
2. vinitkularni20

#### **Category**

1. Investing
2. Stocks for Beginners

#### **Date**

2025/09/09

#### **Date Created**

2022/06/09

#### **Author**

vinitkularni20

default watermark

default watermark