



TFSA Investors: 2 Outperforming TSX Stocks to Buy in Uncertain Markets

Description

For those with an investment time horizon of more than five or 10 years, the ongoing weakness is indeed an interesting opportunity. You can increase your holdings in top-quality names when they are available at 30%, 50%, or, in some cases, 80% discount. Perhaps, if you are investing through a Tax-Free Saving Account (TFSA), these names will likely create significant tax-free gains in the long term.

So, here are two such TSX stocks that have shown immense resilience during the recent tumult.

Intact Financial

A \$31 billion **Intact Financial** ([TSX:IFC](#)) is Canada's leading property and casualty insurer. It has a dominating 21% market share in Canada, and it collects more than \$20 billion in total annual premiums.

Intact's scale provides a significant competitive advantage over peers. Also, strong underwriting and in-house claim settlement expertise have driven an industry-leading financial growth over the years.

For example, its revenues have grown by 10% CAGR, while its net income has expanded by 13% CAGR in the last decade. In the same period, Intact stock returned 14% on average, notably beating TSX stocks at large.

Interestingly, while the broad market has badly cratered this year, IFC stock has stood strong and, in fact, has soared by 6%. Apart from decent capital gains prospects, Intact pays stable dividends that yield 2.3%.

So, IFC's relatively less correlation with broad markets will likely continue to outperform during bear markets. Moreover, its superior financial growth prospects and stable dividends make it a smart bet for TFSA investors.

Constellation Software

Tech stocks have been at the forefront amid the recent market correction. Largely, [TSX tech stocks](#) have fallen by around 45% so far this year amid rising rates. However, one Canadian tech giant that has stood relatively strong is **Constellation Software** ([TSX:CSU](#)). It has fallen 20% this year, way better than some of the Canadian tech bigwigs. CSU has displayed a similar resilience during the epic pandemic crash in March 2020 as well.

Constellation Software has a diverse revenue base driven by its fleet of smaller associate companies. It acquires smaller software firms with a huge revenue growth potential and has a dominant market share in their particular area.

Driven by a unique business model, the company has seen tremendous financial growth over the last several years. As a result, CSU stock has returned 37% on average in the last decade, almost six times that of the **TSX Composite Index**.

Constellation will likely keep growing at an above-average rate with its expanding portfolio of companies, thanks to its strong balance sheet and, importantly, management's expertise in picking out the gems. So, the ongoing weakness could be an opportunity for investors to enter this multi-bagger.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:IFC (Intact Financial Corporation)

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