Buy the Dip: 3 TSX Stocks to Buy Today and Hold for the Next 3 Years

Description

The first seven months of 2022 have been rough for equity investors with most benchmark indexes entering bear market territory in recent trading sessions. The heavyweights part of sectors such as commodities and energy have allowed the **S&P/TSX 60 Composite Index** to fare relatively better.

However, the index is still down more than 10% year to date, driven by the volatile market backdrop and impending recession fears.

The ongoing market correction, however, has a silver lining. You can now buy fundamentally sound, industry-leading stocks at bargain prices and sell off years later, pocketing immense capital gains. Here are three such TSX stocks you can buy right now.

Nuvei

The Montreal-based payment technology solutions provider, **Nuvei** (TSX:NVEI)(NASDAQ:NVEI) has been a major loser over the past year due to the intense rout in the technology sector. The stock has plummeted more than 55% over the past year and is down 44% year to date.

Nonetheless, the recent dip has created a stellar buying opportunity. As the fintech (financial technology) industry gains traction, Nuvei has been partnering with industry leaders globally to expand its footprint. Nuvei brands itself as “tomorrow’s payment platform,” operating in more than 200 markets, 150 currencies, and more than 550 alternative payment methods (including cryptocurrencies).

Despite the ongoing macro weakness, Nuvei has been generating substantial profits. The company’s adjusted EBITDA increased 40% year over year to $91.60 million in the first quarter. Its total volume and revenues increased 42% and 43%, respectively, from the first quarter of 2021. Adjusted net income for the first quarter of 2022 amounted to $69.10 million — up 35% year over year.

Analysts expect Nuvei stock to skyrocket once the market recovers. NVEI is expected to hit $87.76 within the next 12 months, indicating upside of 92%. The stock will most likely deliver more than 100% returns over the next three years.

Toronto-Dominion Bank

The second-largest Canadian bank is one of the safest bets with immense growth potential. **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) stock is currently trading at a discount, as it has lost more than 15% so far this year. The volatile market backdrop and economic slowdown concerns triggered a panic selling spree, causing TD to lose momentum in 2022.

But the stock has been displaying signs of recovery recently, gaining nearly 4% over the past five days. TD has a consensus analyst rating of “Hold.” In addition, the stock is expected to gain more than 20% over the next year alone. The aggressive interest rate hikes are expected to boost TD’s interest income significantly in the upcoming months, accelerating the return on investment.

TD is also a good stock to buy and hold if you want a steady stream of passive income. The stock yields a handsome 4.31% on its annual dividend payout of $2.74.

Magna International

With the prices of new cars skyrocketing amid supply chain disruptions and semiconductor shortages, people are upgrading their old cars instead of immediately buying new ones. Hence, the used car and auto parts market has been on fire.

As the rising interest rates amplify the cost of buying new vehicles further, the auto parts industry is expected to grow at an accelerated pace in the near term. Thus, **Magna International** (TSX:MG)(NYSE:MGA), the third-largest auto parts company in the world, could be an ideal stock to buy and hold.

Though the stock dipped more than 22% over the past year, it has recovered nearly 10% over the past week alone. Bay Street analysts expect the stock to surge more than 17% from its last closing price of $78.88 within the next year.

CATEGORY

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2. NYSE:MGA (Magna International Inc.)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:MG (Magna International Inc.)
5. TSX:NVEI (Nuvei Corporation)
6. TSX:TD (The Toronto-Dominion Bank)

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