Buy the Dip: 3 Top Canadian Stocks to Buy While the Market Is Selling Off

Description

Let's be honest; it shouldn't come as a surprise to hear that the Canadian stock market is down this year. There's been no shortage of catalysts causing disruption in the economy in 2022. Whether it's rising inflation or geopolitical concerns, investors have had their hands full this year trying to keep up with the market's movements.

The **S&P/TSX Composite Index** is currently trading at a loss of about 10% since the beginning of the year. The index has suffered two 10% pullbacks since the beginning of April, giving the impression to investors that the market as a whole is having trouble deciding whether it wants to please the bulls or the bears.

Despite all the instability in the stock market today, I'd argue that it's an excellent time to invest — that is, as long as you've got a long-term time horizon, meaning that you don't plan on selling your positions for at least the next decade.

I've put together a list of three top Canadian stocks that I've got on my radar right now. They may not be the most exciting companies on the TSX, but all three have the potential to be extremely solid long-term holds.

Brookfield Renewable Partners

As a current **Brookfield Renewable Partners** (TSX:BEP.UN)(NYSE:BEP) shareholder, I've taken advantage of the discounted prices several times this year already.

Shares are trading close to 25% below all-time highs that were set back in early 2021. However, the energy stock has outperformed the market this year, trading at a gain of more than 5% in 2022 when including dividends.

As a long-term bull on the renewable energy space, there's no doubt in my mind that Brookfield Renewable Partners will sooner rather than later return to all-time highs. The $30 billion company is ina prime position to continue capturing the growing demand for renewable energy.

In addition to market-beating growth potential, the Canadian stock also pays a handsome dividend. At today's stock price, the company's annual dividend of $1.65 per share yields just shy of 3.5%.

Constellation Software

For a tech stock, **Constellation Software** (TSX:CSU) has fared admirably well. Shares are just about on par with the Canadian market's return in 2022.

The $40 billion company has quietly been one of the top-performing stocks on the TSX in recent years. Shares are up more than 200% over the past five years. In comparison, the S&P/TSX Composite Index has returned less than 30%.

Growth has been slowing as of late for the tech stock, there's no denying that. The company is now much more dependent on acquisitions to help fuel growth than it was in the past.

I will add, though, that the management team has a proven track record in allocating capital, which is why I wouldn't bet on the stock to begin lagging the market's returns anytime soon.

Algonquin Power

The last pick on my list is a high-yielding dependable utility stock. There's no better company to own during a bear market like this than **Algonquin Power** (TSX:AQN)(NYSE:AQN).

Utility companies are the type of defensive investment that hold up during bear markets. It's far from an exciting business but it is one that continues to perform regardless of the condition of the economy.

When including dividends, shares of Algonquin Power are close to even on the year.

If you feel that your portfolio is slightly over-indexed towards high-risk growth stocks, owning a Dividend Aristocrat like this would be a wise idea — especially with more volatility likely on the horizon.

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4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:CSU (Constellation Software Inc.)

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Date
2025/07/04
Date Created
2022/07/29
Author
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