



3 Stocks I'm Buying in This Volatile Market

Description

The market has been exceptionally volatile in 2022. Canada's most valuable company has lost nearly two-thirds of its value. Meanwhile, even mundane oil and retail stocks have had a rough year.

This volatility creates opportunities for investors looking to make long-term bets. Here are the top three stocks I'm buying in the midst of the market correction.

Telehealth stock

WELL Health Technologies ([TSX:WELL](#)) continues to expand its business, even as its stock price drops. WELL Health has lost 20% of its market value year to date. That's better than most tech stocks. However, the underlying business is firing on all cylinders.

Revenue reached a record-breaking \$140.3 million in the second quarter (Q2) of 2022. That's 127% higher than the previous year. The company also swung from an adjusted net loss of \$1.2 million in the second quarter of last year to *net income* of \$17.2 million this quarter.

The completion of major acquisitions and expansion in the U.S. has driven the company's annual revenue target to \$550 million. Meanwhile, its market value is just \$900 million. In other words, the stock trades at a price-to-revenue ratio of 1.6. It also trades at 13 times annualized net income.

I've held my stake in this company since 2020 and have added substantially more this year.

Enterprise software stock

I believe **Constellation Software** ([TSX:CSU](#)) is Canada's best tech company. The enterprise software giant is a serial acquirer — with over 300 acquisitions under its belt. This year, the company has deployed more cash in acquisitions than ever before.

Once these new firms are integrated with the core business, free cash flow should expand

substantially. Meanwhile, Constellation Software's stock is 7% lower year to date.

The stock isn't cheap. It trades at a price-to-free cash flow ratio of 30. That's higher than its long-term average of 21. It's also higher than most of its enterprise software peers. However, if recent acquisitions can boost free cash flow in the year ahead it could justify the current valuation.

For now, I'm holding onto my Constellation Software stake and looking for opportunities to accumulate more.

European software

Topicus ([TSXV:TOI](#)) is another stock I'm accumulating during this market correction. The company replicates Constellation's business model in Europe. Just like its former parent company, Topicus has doubled down on acquisitions this year.

Since January 2022, the company has acquired 21 businesses. That's a 20% expansion to its entire portfolio in just half a year. The largest acquisition is Poland-based Sygnity SA, which is being acquired for 197 million Polish z?oty, or \$54.6 million.

Altogether, these acquisitions could add over \$100 million to the company's top line and boost earnings by double-digit percentages. However, the stock has dropped 30% year to date and is trading just 18% higher than its listing price from last year's [initial public offering](#). It's arguably undervalued, which is why I'm boosting my stake in the company during this downturn.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:WELL (WELL Health Technologies Corp.)
3. TSXV:TOI (Topicus.Com Inc.)

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