TSX Stocks: Millions of Canadians Are About to Make a Major Mistake!

Description

All year markets have been selling off. Canadians across the country have been watching the value of their portfolio lose value. Watching the value of your **TSX** stocks evaporate is never fun, but it's crucial to keep a long-term mindset. You're likely going to be buying and holding stocks for many more years to come.

So why focus and fret on the stocks you already own that are losing value? Instead, your focus should go to looking for stocks you don't yet own that you can now buy at a serious discount.

Lately, several surveys have reported that up to a quarter of Canadians are planning to pull their cash from the stock market.

However, in these situations, that's the opposite of what you should be doing. Many high-quality stocks are trading at a discount. So now is the time to be putting more money into the stock market and put it to work.

Furthermore, it also highlights why it's so important to have an adequate cash balance and emergency fund. This way, you're not liquidating your stocks to spend money and deplete your savings at a time when many of your investments are trading at valuations that haven't been this low in years.

Market cycles are to be expected

The market cycles all the time. Yet, over the long haul, as the economy expands, the best stocks continue to grow the fastest.

From the start of 2008 until the market finally bottomed in early 2009, the **S&P 500** sold off by over 47% before it began to recover. However, when it did finally bottom and turn around, it surpassed its previous highs in just a few short years. And noteworthy, high-quality stocks regained their value even quicker.

By the time the pandemic hit and markets sold off, investors who had held the S&P 500 since the end of 2007 had earned a total return of more than 120%. Furthermore, had you added to your investments when stocks were ultra-cheap in 2009, your returns would be even more significant.

This is a buyer's market. So resist the urge to sell now and lock in losses while the value of your investments are at multi-year lows. Instead, it's time to be putting cash to work.

But even with so many stocks offering an attractive value, you may be wondering what stocks to buy now.

What are the best TSX stocks to buy now?

If you're wondering what the best stocks are to buy now, that all depends on your personal preference, timeline and risk tolerance. An investor with higher risk tolerance could buy unbelievable growth stocks that are trading dirt-cheap, like **Shopify** (TSX:SHOP)(NYSE:SHOP).

Meanwhile, investors who are closer to retirement or with a lower risk tolerance can look for lower-risk dividend stocks that now offer significant yields, such as **Fortis** (TSX:FTS)(NYSE:FTS).

With Shopify, the stock faces significant headwinds in the short run. However, over the long run, e-commerce has a massive runway for growth. Indisputably, Shopify has been one of the most dominant companies in the space.

Furthermore, it's been investing tonnes of capital into improving its business this year, such as building a North American fulfillment network, which should considerably improve its operations . Plus, since it's sold off so significantly, Shopify now trades extremely cheaply.

Today, Shopify has a forward enterprise value (EV)-to-sales ratio of just 4.5 times. For perspective, over the last three years, that EV-to-sales ratio has averaged 27.2 times. Put simply, is now unbelievably cheap.

Fortis, on the other hand, is one of the most reliable TSX stocks you can buy. However, as bond yields have increased this year, even safer stocks like Fortis have now lost some value. These stocks present a compelling buying opportunity.

After selling off by nearly 20% this year, Fortis now has a forward price-to-earnings (P/E) ratio of 16.7 times. That's below its three-year average P/E ratio of 19.8 times. Furthermore, its dividend, which has been increased for 48 consecutive years, now offers a yield of 4.5%, up from 3.5% at the start of the year.

Therefore, while Fortis and many other TSX stocks are ultra-cheap, now is the time to be putting your capital to work and taking advantage of the cheapest prices we've seen in years.

CATEGORY

1. Investing

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4. TSX:SHOP (Shopify Inc.)

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