2 TSX Stocks to Buy No Matter Where the Market Goes

Description

The Canadian stock market is going through a tough year in 2022, and the performance of the **S&P/TSX Composite Index** reflects how it has been so far. As of this writing, the Canadian benchmark equity index is down by 12.44% from its 52-week high and 8.41% year to date.

With market instability like this, many investors are taking their money out of the market to allocate it to safer investments to protect their capital.

However, it might be wise to invest and remain invested in certain companies for the long run, regardless of what happens in the market. Some companies trading for discounted valuations might appear weak.

However, the underlying businesses are solid and boast the potential to bounce back strong as the market recovers. Buying shares of high-quality stock for discounted valuations can set you up for stellar long-term returns.

Today, I will discuss two TSX stocks I will remain invested in, no matter how bad the economy gets in the short term.

Emera

Emera (TSX:EMA) is a $13.36 billion market capitalization energy holding company headquartered in Halifax. Utility businesses are typically the pillar of stability in unstable markets. Utility companies generate virtually guaranteed cash flows regardless of macroeconomic factors by providing an essential service. It allows them to comfortably fund growth projects and shareholder dividends.

2022 has been tough on utility companies as well, owing largely to the interest rate hikes enacted to control inflation. These businesses rely on a debt-heavy business model. Higher interest rates make borrowing more expensive, resulting in short-term challenges. Emera stock also does not operate in largely regulated markets, making its price performance decline more pronounced.

As of this writing, Emera stock trades for $49.82 per share and boasts a juicy 5.54% dividend yield. Down by 23.62% from its 52-week high, it appears weak. However, the company has a wide enough economic moat to ride through the current environment, making it a potentially low-risk and high-reward investment.

Constellation Software

Tech stocks have been weak throughout the year and don't look like they will gain strong upward momentum anytime soon. Tech stocks are some of the most sold-off this year, with Canadians moving to safer alternatives in other sectors of the economy. However, **Constellation Software** (TSX:CSU) is one tech stock I will not give up on, no matter what happens.

The $38.89 billion market capitalization diversified software company is not like most TSX tech stocks. It does not offer the rapid growth exhibited by **Shopify** or **Lightspeed** when those companies were outperforming the rest of the market. Instead, it is a stock capable of delivering stellar long-term growth.

The company was created by a former venture capitalist specializing in acquiring small- and medium-sized vertical market software businesses. The company then leverages its capital and experience to help those companies grow — in turn, fueling its own growth.

Despite the weak state of the tech industry, Constellation Software has reported a 26% year-over-year growth in its total revenue so far this year. Its profit margins have remained strong, and the market conditions are ripe for it to potentially acquire more businesses under its belt.

As of this writing, Constellation Software stock trades for $1,835.35 per share. Down by 21.20% year to date, it is too attractively priced to ignore right now.

The company is capitalized well enough to weather the current environment and use it to its advantage for significant long-term growth. It can be a steal at current levels.

Foolish takeaway

Considering the strength of the two businesses, Emera stock and Constellation Software stock are too attractively priced right now to ignore. The two companies are well capitalized and boast significant long-term growth potential.

If you haven't already, establishing a position in the stock of these two companies can set you up for stellar long-term returns. If you already own shares of the publicly traded companies and feel tempted to sell them, I would advise being patient and remaining invested.

CATEGORY

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