



3 TSX Stocks That Could Continue to Beat the Market

Description

With all the headwinds that markets have faced this year, including surging inflation, rapidly rising interest rates and several supply-chain issues around the world, it's no surprise that many stocks have lost value this year. In fact, we've seen tonnes of high-quality TSX stocks underperform the market.

However, despite many market challenges, not all TSX stocks have had a poor performance this year. Some have still lost value but have been less volatile than the market, while others have even gained value.

Of course, most stocks outperforming the market are energy stocks due to the major impacts on [oil](#) and [gas](#) markets throughout 2022. However, many defensive stocks have also performed well, too.

So, if you're looking for high-quality stocks to buy that continue to perform well, even through the downturn in stocks this year, here are three of the best stocks to consider today.

One of the top energy stocks on the TSX

Due to the Russian invasion of Ukraine and the subsequent sanctions that western nations have implemented, many North American energy companies have seen significant rallies this year, such as **Freehold Royalties** ([TSX:FRU](#)).

Freehold is one of the best energy stocks investors can buy because it offers exposure to high energy prices and increasing production in North America. However, because it doesn't produce energy itself and simply collects royalties from hundreds of other producers, the stock is well diversified, and its operations are lower risk than many of its peers.

In addition, Freehold not only offers significant capital gains potential (already up more than 50% on the year), but it also offers an incredible dividend, which it's increased twice already year to date.

Of course, while energy stocks like Freehold have been some of the few stocks outperforming the market this year, you don't want to overexpose your portfolio to energy. So, if you're looking for a few

stocks to buy that can continue to outperform the market this year, here are two more high-quality investments that have been performing well in 2022.

A top retail stock seeing increased demand as a result of inflation

In addition to energy stocks, discounted retailers, such as **Dollarama** ([TSX:DOL](#)), have also performed exceptionally well in 2022. This should be no surprise to investors.

Discount retailers like Dollarama have seen a major increase in demand as inflation impacts consumers' budgets. Therefore, more shoppers continue to turn to Dollarama to buy essential items for as cheap as possible to spread their budgets elsewhere.

So far, over the last four quarters, Dollarama has seen its revenue rise by nearly 12% and its operating income increase by 12.5%.

Furthermore, not only does inflation help to drive more traffic at Dollarama stores, but in the past, recessions have also caused consumers to shop at discounted retailers more often.

So, even with Dollarama's more than 26% total return so far in 2022, it's a stock that could continue to outperform the market in 2023, when many analysts and economists expect we will see a recession.

One of the best consumer discretionary stocks on the TSX

Seeing energy and defensive stocks as some of the top performers so far in 2022 is not surprising, given the current economic climate. However, one stock you may be surprised to learn has outperformed the market year to date is a consumer discretionary stock like **Aritzia** ([TSX:ATZ](#)).

At the start of the year, Aritzia sold off significantly along with the rest of the market. Not only does Aritzia, a women's fashion company, sell discretionary goods, but it also sells higher-priced items that you'd see at fast-fashion stores.

Furthermore, Aritzia has been a top [growth stock](#) for years, so it wasn't surprising to see it sell off along with many other growth stocks. In fact, at one point, Aritzia was down almost 40% on the year.

However, after continuing to post impressive results in its earnings reports, Aritzia is showing it can continue to operate well in this environment. In addition, after its recent rally, it's now down just 2% on the year, ahead of the TSX, which has lost more than 5%.

Therefore, if you're looking for high-quality TSX stocks to beat the market, Aritzia is one that could be flying under the radar.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)
2. TSX:DOL (Dollarama Inc.)
3. TSX:FRU (Freehold Royalties Ltd.)

PARTNER-FEEDS

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