1 TSX Stock That Could Crush the Market in the Long Run

Description

If you're a long-term investor, you shouldn't be afraid of temporary market downturns. The ongoing macroeconomic uncertainties have driven the **TSX Composite Index** down by nearly 6% in 2022, making many fundamentally strong Canadian stocks look undervalued to buy for the long term.

On the positive side, the TSX benchmark has started a recovery lately, as it has risen by 8.1% in the fourth quarter so far. While there's no guarantee that the stock market will continue rallying in the near term, some fundamentally strong stocks could deliver outstanding returns on your investments in the coming years if you buy them at the current price levels.

In this article, I'll highlight one top TSX stock you can buy right now to hold for the next decade to expect massively better-than-market returns.

One top TSX stock to buy now

In the last few years, businesses across the world have understood the importance of building a reliable online presence, as it helps them expand globally at a fast pace and makes their workflow more efficient. These are some of the reasons why the demand for cloud-based technology solutions has grown lately and is expected to increase further in the coming years. With this, tech stocks that primarily focus on providing cloud-based solutions to customers could significantly outperform the broader market in the next decade, making them very attractive to buy on the dip. **Dye & Durham** (TSX:DND) could be a good example of a cheap tech stock to consider right now that has the potential to multiply your money in the long run.

This Toronto-headquartered company provides cloud-based software and technology services to legal and business professionals. Its services mainly focus on improving efficiency and increasing the productivity of these professionals by organizing their workflows. While Dye & Durham already has a good foothold in its home market, a significant portion of its revenue also comes from the United Kingdom and Australia, as it continues to expand its business presence globally.

At the time of writing, Dye & Durham has a market cap of $888 million, as its stock trades at $13.31

after losing nearly 70.3% of its value this year, making it the worst performer on the TSX in 2022.

Why this TSX stock could crush the market in the long run

When investing in a growth company, you must pay attention to its top-line growth trends. After registering a solid 219% year-over-year revenue growth in its fiscal year 2021 (ended in June 2021), Dye & Durham's top-line growth rate declined in the fiscal year 2022. Nonetheless, the company still continues to maintain a solid three-digit sales growth rate. In 12 months ended in June 2022, its revenue stood at $474.8 million, reflecting a 127% growth over the previous year.

In the short term, the ongoing macroeconomic challenges, including high inflationary pressures and a slowdown in the real estate industry, will likely affect Dye & Durham's financial growth. However, consistent growth in the demand for its services and its key focus on expanding its business presence by making new polity acquisitions could help DND's business growth significantly accelerate in the long run, which should trigger a rally in this beaten-down tech stock in the coming years.

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