



3 Canadian Stocks I'm Buying Before Christmas

Description

Canadian stocks have taken a steep slide in the past few days. Maybe it is time to work on your Christmas shopping list for stocks. If the [market continues to fall](#), there could be some stocks that go on sale, whether they deserve to or not.

Buy stocks like you'd buy socks — on sale!

Famed investor [Warren Buffett](#) once said, "Whether we're talking about stocks or socks, I like buying quality merchandise when it is marked down." While it may feel like the worst time, buying stocks after a serious pullback is often the best time to buy.

The key is to buy stocks in great quality businesses that can remain resilient through a recession and beyond. Buy and hold these stocks for the long term, and you can do very well. Here are three top Canadian stocks that are on my Christmas shopping list if they become cheap enough this year.

A top Canadian software-as-a-service stock

Descartes Systems ([TSX:DSG](#)) provides essential networks and software services to the global logistics industry. Given global geopolitical and supply chain challenges, the logistics industry continues to face complexity. That bodes very favourably for Descartes, which helps supply solutions to manage this complexity.

For the first nine months of 2022, it grew revenues, adjusted earnings before interest, tax, depreciation, and amortization (EBITDA), and earnings per share by 16%, 18%, and 8%, respectively. 89% of its revenues are service based and largely recurring. Likewise, it earns very high 20% net income margins, meaning it is very profitable.

This Canadian stock has \$237 million of cash on the balance sheet. Even if its business slows in a recession, it can deploy its cash into acquisitions at high rates of return. This stock is never [cheap](#), but if you can buy it on a pullback, it will be worth it in the long run.

A top Canadian retail stock

Aritzia ([TSX:ATZ](#)) is another high-quality Canadian stock on my Christmas wish list. Over the past three years, Aritzia has gained incredible traction with its “everyday luxury” brands of apparel. Since 2020, its sales and net income have nearly doubled!

Its new boutiques have demonstrated a very quick payback, and new locations have helped support the expansion of its online sales strategy. Aritzia is gaining traction in the U.S., and that could provide a significant leg of growth over the coming five years. It has no debt and \$65 million of excess cash, so it can fund its growth strategy.

Aritzia stock is down nearly 12% in the past month. With a price-to-earnings (P/E) ratio of 30, this Canadian stock is hardly cheap. However, if it has another 10-15% pullback, it could look very attractive for [long-term investors](#).

The “new” Brookfield manager

If you want a combination of income and growth, **Brookfield Asset Management** ([TSX:BAM](#)), the recent [spin-out](#) from **Brookfield Corp.** could be pretty attractive.

This business manages the diverse array of funds that Brookfield invests for other investors. It has no debt and requires very little capital to operate. As its assets under management (AUM) grow, so too do the fees it collects.

This Canadian stock expects to grow by around 15% a year for the next five years (based on already contracted, locked-in investment funds). In essence, this business offers an annuity-like stream of earnings. It plans to pay out 90% of its earnings as dividends to shareholder.

This Canadian stock is down 17% since it launched early last week. It is expected to yield a 4.3% dividend next year. For a nice dividend and solid growth at relatively low risk, this could be an interesting stock to hold into the new year.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)
2. TSX:BAM (Brookfield Asset Management)
3. TSX:DSG (The Descartes Systems Group Inc)

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