



## 3 Hot TSX Stocks You Must Buy in September

### Description

Another month, another opportunity. Lately, it may not have felt like a good time to invest considering the fear over a possible recession, and you might have been tempted to stash your money. Nevertheless, if you are on the lookout for some great stocks on the TSX to buy this September, these are some of the options to consider.

### A Canadian bank in America

You must have considered **TD Bank** ([TSX:TD](#))([NYSE:TD](#)) for investment at some point. The company's dividend yield is 4% compared to the banking industry's 3.57%, and the dividend has been rising every year for the past two decades. For example, TD's dividends rose by about 10% in the first quarter of 2019 to \$0.74 per share at a payout ratio of 44%. From a dividend stock perspective, TD is already looking quite attractive.

However, the company's stock has taken a hit in the past few weeks as have other Canadian bank stocks. From about \$77 at the start of August, TD's stock is now trading at around \$72 on the TSX after dropping more than 5% in a month. Investors are understandably [worried about a recession](#), and TD's U.S. operations had them really worried.

Surprisingly, net income from its U.S. retail segment increased by 11% to contribute to the higher adjusted net income of \$3.34 billion, up from \$3.13 billion in the same quarter the previous year. Although this was good news, it means that TD derives 40% of its profit from the U.S., and that could indicate possible headwinds ahead.

The U.S. Federal Reserve may reduce interest rates as many as four times next year, meaning TD's lending margins may be squeezed. At the same time, these rate cuts may increase loan volumes and credit performance, so it might be a double-edged sword.

That being said, TD is still a substantial investment being the largest bank by assets (\$1.4 trillion) and second-largest by market cap (\$131.5 billion). The company's consistent dividend yield is also a testament to its financial health, and the recent dip in stock price may be just the entry you need to buy

this stock cheap.

## A fantastic REIT

As long as you're the kind of person that doesn't mind taking on a bit of risk, **Choice Properties** ([TSX:CHP.UN](#)) should be among your top choices. Choice Properties is a real estate investment trust that currently owns 68 million square feet of gross leaseable area and 756 properties.

In the second quarter of fiscal 2019 ended June 30, Choice Properties' net income was \$238.3 million, up by \$559.4 million from a net loss of \$312.1 million in the previous fiscal year. The improvement was thanks to a decrease in unit prices, a decline in acquisition transaction costs, and contributions from an acquired REIT.

Although weighed down by \$2.2 billion in long-term debt, Choice Properties still has excellent financial strength. With a forward price-to-earnings (P/E) ratio of 14.14 and price-to-sales ratio of 3.08, this company's stock is trading below fair value, which means there is an opportunity for you.

## Solid energy company

Every dividend investor has to have **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) in their portfolio to enjoy a 3.3% dividend yield. In the past 40 years, the company has not only been issuing dividends but also raising them each year. Since the start of the year, share prices have risen by over 20%, and future dividend yields through 2023 are expected to rise to 6%.

Compared to [Choice Properties](#), Fortis is the choice for you if you prefer security in your investment over growth in the share price. But remember the company's P/E ratio currently stands at 15.3, which is higher than the electric utility industry average of 13.8. That is because of net debt that is now 93% of the company's market cap.

## Which one is the hottest?

The choice between these three will come down to your risk appetite, but it is always advisable to diversify and perhaps even invest in all three.

### CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Energy Stocks

### TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
4. TSX:FTS (Fortis Inc.)
5. TSX:TD (The Toronto-Dominion Bank)

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