3 Top TSX Stocks to Buy in June

Description

In May, **TSX** stocks saw a strong rebound. Now that June is here, you may be considering where to best play your next investment allocation. Today, I have three top TSX stocks that each fill a unique niche in the market and continue to operate on all cylinders, even through the COVID-19 crisis.

One stock is a growing at a reasonable price, one stock is a growing-with-strong-momentum, and one stock is a growing-with-income.

This TSX stock has growth-at-a-reasonable price

The first top TSX stock pick for June is **Richards Packaging Income Fund** (TSX:RPI.UN). It is demonstrating strong growth at a fair price. It is one of North America's largest distributors of specialty packaging and containers to the beverage, consumer goods, and healthcare industries.

Year to date, this TSX stock is up 17%. Richards has benefited from the COVID-19 crisis. It saw a massive increase in demand for cosmetic and healthcare packaging utilized for hand sanitizers and disinfectants.

In the first quarter, revenue, adjusted EBITDA, and net income per share increased year-over-year by 33%, 63%, and 125%, respectively.

Interestingly, yesterday Richards announced the acquisition of Clarion Medical Technologies. Clarion is a leading medical service provider and distributor, particularly in various laser and diagnostic technologies. The acquisition adds a nice growth catalyst into the higher-margin medical-technologies sector.

Richards' stock could experience a nice market re-rating as it integrates higher growth, higher-margin, technological product into its business.

The stock trades on the TSX at a forward price-to-earnings of only 16.75 times. This is relatively cheap considering its strong organic growth and new technological capacity. It also pays a decent 2.4%

dividend. I think Richards is truly a perfect TSX growth-at-a-reasonable-price stock.

This stock has strong growth momentum

The second top TSX stock is **Cargojet** (TSX:CJT). This stock is a great momentum play on the massively growing e-commerce trend. Why waste your time on struggling passenger airline stocks when you can own a stock thriving from the e-commerce wave? Cargojet is doing exactly that.

It is Canada's largest cargo airline and handles nearly 90% of Canada's domestic overnight air cargo. Cargojet achieved very strong results in its first quarter. Revenues and adjusted EBITDA increased year over year by 11.4% and 24.5%, respectively.

It was boosted by strong demand for healthcare and e-commerce delivery. Cargojet also saw a large increase in international delivery demand, particularly because international passenger traffic, which delivers a significant amount of cargo) significantly declined. As a result, Cargojet has been able to capture a reasonable amount of market share in this segment.

Undoubtedly, Cargojet has a strong growth trajectory. Although this TSX stock is expensive at 68 times price to earnings, it has a dominant industry position and multiple growth arms. Buy it today and hold it for a very long time. You'll likely be happy you did.

This TSX stock has solid growth and income

My last top TSX stock pick for June is **Dream Industrial REIT** (TSX:DIR.UN). It is your growth and income play. DIR's stock has been crushed over rent collection concerns that have plagued the real estate sector. Yet, for the most part, DIR has had solid operations during the COVID-19 crisis.

Fortunately, 40% of its rents are derived from e-commerce-related tenants. Its overall portfolio is diversified in geography (Canada, U.S., and Europe), tenant mix, and property size. In fact, the REIT is better positioned than ever, in terms of safety, quality, and capacity to grow.

DIR has a very strong balance sheet with a leverage ratio below 30% and over $215 million of excess liquidity. It should thrive over the long-term from strong organic rental growth (rent renewals and annual contracted rent increases) and a large acquisition pipeline (especially in Europe).

This TSX dividend stock trades with a dividend payout of almost 7%. The dividend is fairly safe considering DIR's strong balance sheet.

Take a long, patient approach with this TSX stock and you will be rewarded monthly with cash in your pocket — and likely a nice capital gain.

CATEGORY

1. Dividend Stocks
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3. Stocks for Beginners

TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)
2. TSX:DIR.UN (Dream Industrial REIT)
3. TSX:RPI.UN (Richards Packaging Income Fund)

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