17 Top TSX Stock Picks for July 2020

Description

We asked our Foolish writers for their top stock picks for July. Here are their choices:

Christopher Liew: Great-West Lifeco

Great-West Lifeco (TSX:GWO) learned some harsh lessons during the 2008 financial crisis. This $22.41 billion financial services company had to cut its dividend, thereby losing its dividend aristocrat status at the time.

Great-West took quick action by investing primarily in risk management capabilities, which has paid off. Today, GWO is back to being a dividend aristocrat.

About 69% of Great-West's invested assets portfolio is in bonds. Similarly, 99% of those invested assets are investment-grade. There is a good balance across products, geographies, and risk types.

The business model today is more diversified and resilient, and the company seems ready for a swift recovery after the current crisis is over. All the right moves for GWO post-2008 seem to be paying off in the pandemic era.

Fool contributor Christopher Liew has no position in any stock mentioned.

Jed Lloren: Docebo

Docebo (TSX:DCBO), a cloud-based enterprise e-learning platform is my top stock pick for July. The stock has been among the market leaders in percent gain since the market bottom, seeing a 227% increase since March 20.

The company has attracted large corporate customers such as: **Cineplex**, **Thomson Reuters**, and **Walmart**. Docebo's success in growing its customer base has been reflected in its annual revenue, which has grown 427% over the past four years.

Docebo plans on providing increased product offerings in the future and geographic expansion, which should lead to future growth. This is one company I have yet to pick up but will be looking to add it to my portfolio next month.

Fool contributor Jed Lloren has no position in any stock mentioned.

Ryan Vanzo: Fairfax Financial

My top stock for July is **Fairfax Financial** (TSX:FFH). This stock is a miniature **Berkshire Hathaway**, except it has many more years of growth ahead of it.

Like Berkshire, Fairfax owns a litany of insurance businesses that throw off regular cash. At Berkshire, Warren Buffett invests this cash to produce shareholder returns. At Fairfax, founder Prem Watsa is in charge.

Since 1986, Fairfax stock has produced 15% annual returns. With a market cap of just $12 billion, it can double and triple in size many more times. The best part is that, right now, shares trade at a 30% discount to book value. That's a steal.

Fool contributor Ryan Vanzo has no position in any stock mentioned

Sneha Nahata: Maple Leaf Foods

Maple Leaf Foods (TSX:MFI) stock offers a unique mix of growth, income, and defense. The company's two-pronged strategy bodes well for future growth. The company's meat protein business consistently generates healthy revenues and earnings growth and offers protection against downturns. Meanwhile, its high-flying plant protein segment accelerates the growth rate further.

Maple Leaf Foods is a leading name in the plant-based protein market and is well-positioned to benefit from the growing demand. Its plant protein business is growing at a robust pace and is likely to generate $3 billion in sales by 2029.

Investors should note that the company's robust cash flows enable it to increase its dividends consistently. Maple Leaf Foods has consecutively raised its dividends in the last six years and offers a healthy forward yield of 2.2%. The company's strong growth prospects and increase in dividends make Maple Leaf Foods stock a top investment.

Fool contributor Sneha Nahata has no position in any of the stocks mentioned.

Vineet Kulkarni: Canadian Utilities

Global equities will turn even more volatile as we enter the second half of 2020. Thanks to the rising coronavirus cases and a gloomy outlook for corporate earnings growth. I think utility stocks like **Canadian Utilities** (TSX:CU) will outperform in such a scenario.

Canadian Utilities stock has a relatively low correlation with the broader markets. Also, its stable dividend profile and a discounted valuation make it stand tall among peers.

It currently yields 5.5%, much higher than TSX stocks at large. Notably, it has increased dividends for the last 48 consecutive years.

Canadian broader markets look vulnerable, mainly after the strong recovery since March. Thus, driven by the earnings stability and dividends, investors will more and more turn to Canadian Utilities, making it more likely to outperform.

Fool contributor Vineet Kulkarni does not have any positions in the stocks mentioned.

Kay Ng: Brookfield Asset Management

As interest rates are at historic lows, more and more investors will gravitate towards real assets that offer attractive returns. Therefore, **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM), a value investor, owner, and operator of real assets, will experience secular growth for years to come.

Additionally, the global economy is experiencing contraction from the COVID-19 pandemic. This, too, should benefit Brookfield Asset Management, which has a capital recycling program and ample liquidity to take advantage of quality assets that are selling at valuations that are much lower than their intrinsic values.

It's an excellent opportunity to accumulate the growth stock, which has fallen about 25% from its high this year, for long-term investment.

Fool contributor Kay Ng owns shares of Brookfield Asset Management.

Jitendra Parashar: Cascades

Cascades (TSX:CAS) is my top stock pick for July. It's a paper packaging company based out of Quebec. Containerboard and tissue papers are its two most revenue-generating products.

In Q1, Cascades' tissue paper sales surged by 28% as consumers started stocking up due to the COVID-19. The company doesn't expect its sales growth to remain at these high levels as the pandemic subsides. However, I believe its tissue papers' and other hygiene products' demand is very likely to remain higher than expected due to the prolonged pandemic — boosting Cascades' year over year sales growth in the near term.

Moreover, Cascades' stock hasn't yet seen the appreciation that — I think — it deserved. In Q2, it has just gone up by 13.9% against a 13.5% rise in the TSX Composite Index.

Fool contributor Jitendra Parashar has no position in any of the stocks mentioned.

Joey Frenette: Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) is an undervalued consumer staple with a defensive growth stock that can help your portfolio effectively navigate the coronavirus recession.

The convenience store kingpin has been quiet of late, having walked away from Caltex Australia amid the pandemic. With a now rock-solid balance sheet (terrific liquidity and solvency metrics), the c-store giant with the urge to merge not only has enough cash to stay afloat amid this crisis, but it also has a chance to scoop up one of its smaller financially-distressed peers at an even wider discount.

Whether or not a big deal happens in 2020’s second half is anyone’s guess. Regardless, with shares trading at 3.4 times book (the lowest it’s been in around eight years), I’d say now is the time to start backing up the truck on the name if you seek a wide margin of safety and above-average long-term growth.

Fool contributor Joey Frenette owns shares of Alimentation Couche-Tard

Robin Brown: Goodfood Market Corp.

My top pick for July is **Goodfood Market** (TSX:FOOD). It is Canada’s leading provider of meal kits and online groceries. Since the pandemic, it has seen a substantial increase in demand. It recently announced an increase of 26,000 new subscribers, which represents a 44% increase over the prior year.

Goodfood is not yet profitable, however it has significantly invested in its distribution/supply network this year. This will enhance economies of scale and extend its range of customers. This stock is a great play on e-commerce and the continued digitization of consumer staples. It was just added to the S&P/TSX Smallcap Index, and that should help broaden overall investor demand.

Fool contributor Robin Brown owns shares of Goodfood Market.

David Jagielski: Viemed Healthcare

Viemed Healthcare (TSX:VMD)(NASDAQ:VMD) is my top pick for July. The healthcare stock has been a hot buy since the COVID-19 pandemic and it’s up over 70% year to date. The company makes ventilators and with more COVID-19 cases popping up of late, especially in the U.S., the demand for its products is likely to remain strong for the foreseeable future.

With a market cap of around $500 million, this is still a fairly small company with a lot of potential to rise even higher in value. And investors aren’t taking on a whole lot of risk with Viemed as it’s already profitable, generating a profit margin of over 10% in each of its last three quarters. And with ventilator sales surging this year, the company’s financials are going to look even better.

Fool contributor David Jagielski has no position in any of the stocks mentioned.

Ambrose O'Callaghan: Air Canada

My top stock for July is **Air Canada** (TSX:AC). The airline industry has had a brutal stretch in 2020 due to the COVID-19 pandemic. Conditions in the United States are still highly uncertain, but Europe and other developed nations have experienced a significant drop off in cases. Meanwhile, Air Canada is set to drop social distancing guidelines as air travel picks up again.

Before the crisis, Air Canada was one of the strongest growth stocks on the TSX. Fortunately, it is not too late to snag it at a discount. The company has a much-improved balance sheet compared to what it was working within the previous financial crisis. This is an opportune time for investors looking to buy the dip in Canada's top airliner.

Fool contributor Ambrose O'Callaghan has no position in any stocks mentioned.

Stephanie Bedard-Chateauneuf: Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) is my top stock for July.

The e-commerce specialist stock has more than doubled year-to-date, but the market still underestimates certain aspects of the company.

Indeed, the pandemic has accelerated the adoption of online shopping, which is beneficial to Shopify's business.

Shopify has partnered with Walmart to allow U.S. merchants who are customers of the Ontario tech company to sell their products on the retail giant's website.

The partnership with Walmart comes a month after Shopify teamed up with Facebook to allow its merchants to create a personalized online storefront for Facebook and Instagram.

Agreements with **Facebook** and Walmart further strengthen the influence and offer of Shopify, which wants to compete with **Amazon**.

Fool contributor Stephanie Bedard-Chateauneuf owns shares of Walmart Inc.

Mat Litalien: TFI International

TFI International (TSX:TFII) is a leading trucking and logistics company. After touching lows in March, the company has been on a tear and is now up by almost 60% over the past three months. Worried you missed out? Don't be, there is plenty of upside left.

After strong earnings in which it topped expectations, management is on the lookout for tuck-in acquisitions. Analysts have been revising their targets upwards in a big way as the company is well-positioned to be a leading consolidator. Likewise, TFI International is enjoying strong technical momentum as it recently formed a golden cross, a key bullish indicator.

All signs point to a strong second half for TFI International.

Fool contributor Mat Litalien owns TFI International.

Cindy Dye: Lightspeed POS

Investors were pleasantly surprised at the latest earnings release from **Lightspeed POS** (TSX:LSPD). Since the company's POS (point-of-sale) inventory, payment, and customer management solutions are heavily used in retail, investors expected a huge impact from the COVID-19 shutdown.

Lightspeed, however, reported increases in customer locations, total revenue, and gross profit. The company acted quickly to adjust its services during the pandemic – it offered a free trial program which resulted in a 400% increase in gross transaction volume by the end of March compared to the previous month.

After the company's IPO in spring 2019, the stock rose more than 150% in its first five months of trading before falling out of favour. Lightspeed has now proven that it can adjust to the changing retail landscape. With the stock well off its peak, investors should reconsider this former shining star of the TSX.

Fool contributor Cindy Dye does not own shares in Lightspeed.

Puja Tayal: Kinaxis

My top TSX stock pick for June is **Kinaxis** (TSX:KXS), which offers cloud and on-premise software solutions for supply chain planning. It has a diversified customer base of large organizations for which the supply chain is a critical element of their business. The company earns 62% of its revenue from software subscriptions, which is subject to renewal. Its subscription fee depends on the size of the customer, the number of users, applications, and the number of locations.

Kinaxis' revenue fell 6.3% sequentially in the first quarter as the COVID-19 pandemic restricted logistics. As the economy reopens and businesses adjust to the new demand and supply regime, they will need Kinaxis' services. Its revenue will return to growth in the second half. The stock has increased by 88% year-to-date and can grow further as the company is still in its growth stage.

Fool contributor Puja Tayal has no position in the companies mentioned.

Andrew Button: Fortis Inc

In June, the big story was the possibility of a second wave of COVID-19. After a quiet period, U.S. states like Texas, Florida and California saw a major uptick in cases, and paused their re-openings. What can happen in the U.S., can happen in Canada.

Hence the value of having stocks like **Fortis** (TSX:FTS)(NYSE:FTS) in your portfolio. A recessionresistant utility, it has raised its dividend every year for 46 years. That includes 2008 and 2009—the years of the great recession. In the first quarter, the company's earnings were basically flat, coming in at $312 million compared to $311 million a year before. EPS did decline because of an equity issue, but the company has solid plans to use the money it raised for growth. Overall, a safe utility for turbulent times.

Fool contributor Andrew Button has no position in the stocks mentioned.

Demetris Afxentiou: Canadian National Railway

In times of volatility, it's always best to look towards defensive investments. That's part of the reason why my pick for the month is **Canadian National Railway** (TSX:CNR)(NYSE:CNI).

CN is the largest railroad in Canada and has one of the largest track networks in the U.S. Additionally, CN is the only railroad on the continent that has access to three different coastlines. This puts the defensive appeal of the railroad off the scale when compared to its existing peers and would-be competitors. More importantly, CN's massive rail network makes it a critical artery of the North American economy, which is still very reliant on rail freight.

CN is also well-diversified. The railroad hauls everything from automotive components and crude to wheat and chemicals. On an annual basis, that freight amounts to a whopping $250 billion.

Apart from that defensive appeal, CN can also cater to income-seeking investors. The railroad offers a quarterly dividend that has a respectable 1.94% yield, low 35% payout ratio, and over two decades of solid annual upticks.

Fool contributor Demetris Afxentiou owns shares of Canadian National Railway.

CATEGORY

1. Top TSX Stocks

TICKERS GLOBAL

1. NASDAQ:VMD (Viemed Healthcare)
2. NYSE:BN (Brookfield Corporation)
3. NYSE:CNI (Canadian National Railway Company)
4. NYSE:FTS (Fortis Inc.)
5. NYSE:SHOP (Shopify Inc.)
6. TSX:AC (Air Canada)
7. TSX:ATD (Alimentation Couche-Tard Inc.)
8. TSX:BN (Brookfield)
9. TSX:CAS (Cascades Inc.)
10. TSX:CNR (Canadian National Railway Company)
11. TSX:CU (Canadian Utilities Limited)
12. TSX:DCBO (Docebo Inc.)
13. TSX:FFH (Fairfax Financial Holdings Limited)
14. TSX:FOOD (Goodfood Market)

15. TSX:FTS (Fortis Inc.)
16. TSX:GWO (Great-West Lifeco Inc.)
17. TSX:KXS (Kinaxis Inc.)
18. TSX:LSPD (Lightspeed Commerce)
19. TSX:MFI (Maple Leaf Foods Inc.)
20. TSX:SHOP (Shopify Inc.)
21. TSX:TFII (TFI International)
22. TSX:VMD (Viemed Healthcare)

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1. Top TSX Stocks

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