



Top TSX Stocks for August 2020

Description

We asked our Foolish writers for the best ideas for August 2020. Here's what they picked:

Ryan Vanzo: Canada Goose Holdings

My top stock for August is **Canada Goose** ([TSX:GOOS](#))([NYSE:GOOS](#)). This stock is weathering the COVID-19 downturn well but is still priced at a discount.

Canada Goose has a venerable brand. Its \$1,000 winter jackets are a staple in North America, but they're also catching on abroad. Last year, international sales were up 61%.

The COVID-19 crisis sent shares down 65% as retail spending dipped. But last quarter, the company generated a surprise profit.

Priced for disaster, even the slightest improvement in conditions could send shares higher by 20%. Long-term international sales growth will take care of the rest.

Fool contributor Ryan Vanzo has no position in Canada Goose Holdings Inc.

Kyle Walton: Rogers Communications

Rogers Communications ([TSX:RCI.B](#))([NYSE:RCI](#)) recently reported Q2 2020 earnings. This was not a good quarter for the company as Rogers missed on revenue and earnings. However, as sports return and retail stores begin to re-open, Rogers stands to benefit significantly.

Rogers owns stakes in all the major professional sports teams in Toronto. Furthermore, Rogers owns national TV rights for hockey games, and operates the Sportsnet media network. These assets stand to gain significantly as professional sports resume and the pent-up demand for sports content is unleashed.

From 2016-2019, Rogers significantly outperformed its peers. However, Rogers has underperformed

against its peers since March. This makes it an opportune time to add Rogers to your portfolio.

Fool contributor Kyle Walton has no position in Rogers Communications.

Jed Lloren: Docebo

My top Canadian stock continues to be **Docebo** ([TSX:DCBO](#)). It is frustrating to continue writing about the stock and still not have a position. Since my first [published article](#) covering the company, its stock has increased over 50%. Returns have been even higher since I started watching Docebo. Since its bottom during the COVID-19 market crash, Docebo stock has gained about 260%.

Not only is Docebo in an industry that is set to thrive during COVID, but the company is very well set up for this economic situation as well. The company has cleared all the debt from its balance sheet this year. Docebo also has nearly twice as much short-term assets on hand than it does liabilities. Because of these two strengths, I believe Docebo is still a great stock to add to your portfolio this month.

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

Amy Legate-Wolfe: Docebo

It can be hard to buy up a stock trading at all-time highs when there are so many trading below fair value. But if you follow Fool advice in general, you'll know that buying and holding stocks is the best strategy. That's why **Docebo** ([TSX:DCBO](#)) is still a great deal, even at all-time highs.

The software-as-a-service (SaaS) learning management system has seen huge growth from its stellar earnings reports. Revenue has consistently grown, and this should continue well into the future. That's especially from the boost during the pandemic, where there was a huge bump in demand. That translated to its financial performance for the most recent quarter. Recurring revenue jumped 56%, with its average contract value increasing by 28%. Again, as this should continue, it's still an excellent time to buy up this stock today and hold it for years to come for huge growth.

Fool contributor Amy Legate-Wolfe does not own shares of any of the stocks mentioned.

Robin Brown: Algonquin Power

Algonquin Power ([TSX:AQN](#))([NYSE:AQN](#)) is my top stock for August because of its defensive and offensive qualities. It provides essential services that garner very consistent, stable cash flows (65% from three diverse regulated utilities, and 35% from its green energy business). Its 4.75% dividend only takes up ~40% of cash flows, so it still has significant room to invest in growth and still raise the dividend.

In fact, Algonquin is unfolding a \$9.2 billion capital plan that should accrete an adjusted EBITDA CAGR of 15% into 2024. In essence, it could double its current adjusted EBITDA in that time. This stock has income, stability, growth, and on a risk-adjusted basis, strong upside from here.

Fool contributor [Robin Brown](#) owns shares of Algonquin Power & Utilities.

Nicholas Dobroruka: Sun Life Financial

My top stock for the month of August is the financial services giant, **Sun Life Financial** ([TSX:SLF](#))([NYSE:SLF](#)). The \$30 billion company is Canada's second-largest insurance provider. Sun Life also provides wealth and asset management services to its customers across the globe.

The two reasons why I'm bullish on the long-term horizon for Sun Life are the company's [aggressive expansion into the Asian market](#), and its valuation today. In Q1 of 2020, Asian countries accounted for 27% of the company's total net income, which was up from 23% in Q1 of 2019. I also believe Sun Life is undervalued at today's stock price. The company is trading at a forward P/E below 10, and a PEG ratio of below 1.

Sun Life is set to report its 2020 Q2 earnings Thursday, August 6. I'll be listening closely to understand if the COVID-19 pandemic has had any major impact on the Asian expansion strategy.

Fool contributor Nicholas Dobroruka has no position in any of the stocks mentioned.

David Jagielski: Fire & Flower Holdings Corp.

Fire & Flower ([TSX:FAF](#)) is my top pick for August. This is also the one pot stock I'm keeping a close eye on because of the potential that it has and how undervalued it is today, trading at just over two times its revenue.

Convenience store operator **Alimentation Couche-Tard** announced in July it would be increasing its stake in the cannabis retailer to 15% after exercising warrants that it owns in the company. And that's a great vote of confidence for Fire & Flower.

The cannabis retailer's also coming off a strong first quarter where sales of \$23.1 million were up 142% year over year. With strong support from Couche-Tard and a need for more pot shops in Canada, there's a lot more growth to come from this cannabis stock, making it a great buy today.

Fool contributor [David Jagielski](#) has no position in any of the stocks mentioned.

Karen Thomas: Enbridge Inc.

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is my top pick for August for two main reasons. First, Enbridge is a leading energy infrastructure company that benefits from long-term resiliency. Its strategic and highly diversified assets are backed by a strong balance sheet, liquidity, and a variety of low-risk growth projects.

Secondly, Enbridge stock is yielding a very generous 7.51%. This yield is elevated not because of the actual risk of the company but because of the perception of risk, which I feel is wrong. I think investors are underestimating the long-term fundamentals of the energy industry. This has driven energy stocks

down to deep value levels, leaving us with great opportunities such as Enbridge.

Fool contributor Karen Thomas owns shares of Enbridge Inc.

Puja Tayal: Enbridge Inc.

My top TSX stock pick for August is **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)), North America's largest pipeline operator. The company earns 80% of its adjusted EBITDA from transmitting oil and gas through its pipelines. The COVID-19 pandemic has significantly impacted oil demand, which reduced the volumes of oil transmission from Enbridge's pipelines. However, the company showed resilience to the pandemic as its second-quarter earnings rose mid-single digit.

Enbridge is well-positioned to withstand the current crisis with \$14 billion in liquidity. It has sufficient capital to continue its \$11 billion expansion projects while paying dividends. Despite the uncertainty around the pandemic, it expects to achieve its full-year distributable cash flow guidance of \$4.50-\$4.80 per share.

Enbridge is a high-quality dividend stock with a 25-year history of increasing dividends at 11% CAGR. The stock is down 15% year to date and has a dividend yield of 7.5%. It can earn you passive income for several years.

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

Kay Ng: Brookfield Asset Management

I maintain **Brookfield Asset Management** ([TSX:BAM.A](#))([NYSE:BAM](#)) as my top stock idea from last month. The growth stock has sold off 25% from its all-time high earlier this year.

The pullback is an excellent entry point to invest in real assets, many of which generate substantial cash flow. [BAM](#) aims for long-term returns of 12-15%.

By buying at current levels, investors can expect a more secure long-term rate of return of 15%. Its 1.5% dividend yield is also a welcome bonus.

BAM's strong financial position and access to capital should allow it to pick up some distressed but quality assets in today's challenging economic environment.

Fool contributor Kay Ng owns shares of Brookfield Asset Management.

Rajiv Nanjapla: Real Matters

Real Matters ([TSX:REAL](#)), a software company that services mortgage lenders and insurance companies, is my top stock pick for August. Although it is trading close to its all-time high on the back of impressive third-quarter performance, I believe there is more upside.

Through its propitiatory platforms and a healthy relationship with its field professionals, Real Matters

provides faster and reliable service to its clients. So, this competitive edge has allowed the company to add new clients and gain market share in the United States title and appraisal segments. Amid the decline in mortgage rates, there is a surge in refinancing activities. With the massive increase in refinancing, mortgage lenders are facing scalability issues and are looking for new vendors to accelerate their sales cycle. So, I believe this could increase the demand for Real Matters' services, further strengthening its fundamentals.

Fool contributor Rajiv Nanjapla has no position in any of the stocks mentioned.

Sneha Nahata: Kinross Gold

The shining yellow metal has driven **Kinross Gold** ([TSX:K](#))([NYSE:KGC](#)) stock to more than double in one year. Moreover, it has increased by about 90% year to date, outperforming the S&P/TSX 60 Index by a significant margin. Despite its stellar run, too much uncertainty, weak economic indicators, and rising COVID-19 infections indicate that the price of physical gold will continue to rise, driving Kinross Gold stock even higher in August.

Three of Kinross Gold's largest mines are delivering record production with a lower average cost of sales, and remain on course to expand throughput capacity. Meanwhile, its operating efficiencies help in expanding margins at a higher rate than the increase in the average realized gold price.

Higher average realized gold price, strong throughout rates, and stellar margins per-ounce of gold provide strong growth catalysts for Kinross Gold stock.

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

Vineet Kulkarni: B2Gold Corp.

My top stock for August is **B2Gold** ([TSX:BTG](#))(NYSE:BTG). As precious metals showing some of the best months in years, an undervalued mining stock could be the best bet right now.

B2Gold stock has surged more than 70% this year and looks fairly valued despite the rally.

B2Gold is a \$9.4 billion senior low-cost miner that operates three mines in the Philippines, Namibia, and Mali.

Higher realized gold prices would significantly boost gold miners' earnings. Analysts expect [B2Gold's earnings](#) to more than double in 2020 compared to last year. The company has minimal debt and a decent liquidity position.

B2Gold's higher production and a rosy outlook for the yellow metal make it an exciting combination. It's discounted valuation further underlines the thesis for long-term investors.

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

Jared Seguin: Fortis Inc.

Given the current economic climate, **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is a top stock to consider for August. This is due to the fact it's a reliable and stable defensive TSX stock with a solid yield.

The company reported earnings on July 30th with adjusted quarterly EPS climbing from \$0.54 to \$0.56 on a year-to-year basis. Fortis also re-iterated that the five-year capital plan and dividend growth guidance remain unchanged.

Fortis has continued to deliver reliable utility services even through challenging times and investors can enjoy that same reliability. Its resiliency to market forces is highlighted by its beta of 0.05.

Due to its stable and predictable revenue stream, it has one of the most dependable dividends around. As of this writing, investors can scoop up this defensive gem with a 3.48% yield. All in all, it's simply a great choice for defensive-minded investors.

Fool contributor Jared Seguin has no position in any of the stocks mentioned.

Andrew Button: Fortis Inc.

My top stock for August is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). We're going through a Summer when a second wave of COVID-19 is becoming a serious concern. In this environment, utilities like Fortis can provide some much-needed safety.

Utilities have very stable revenue streams owing to the essential nature of their services. We saw this in the first quarter, where Fortis posted \$312 million in earnings, up from \$311 million the year before. That's not huge growth, but it's better than a lot of companies did in the early months of COVID-19.

Fool contributor Andrew Button has no position in any of the stocks mentioned

Jitendra Parashar: Shaw Communications

Shaw Communications ([TSX:SJR.B](#))([NYSE:SJR](#)) is my top stock pick for August. Despite the ongoing pandemic, the Calgary-based telecommunications company registered a 15% YoY rise in its adjusted EBITDA in the quarter ended May 2020. While Shaw Communications' EBITDA from its wireline segment rose by 7%, it reported a solid 91% YoY increase in its wireless segment EBITDA.

Shaw Communications is trying to benefit from growing work-from-home culture that has boosted the residential internet services demand. In May, it launched Fibre+ Gig Internet Service for its residential customers. Similarly, Shaw Communications launched Shaw Mobile — its new wireless service — in B.C. and Alberta provinces on July 30. I believe these new services to help the company accelerate its wireless segment revenue growth and further improve its overall profitability.

Shaw Communications' stock is currently trading at \$24.45 with 7.2% year-to-date losses. I expect the stock to yield handsome returns in the second half of 2020.

Fool contributor [Jitendra Parashar](#) has no position in any of the stocks mentioned.

Stephanie Bedard-Chateauneuf: Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) is my [top stock for August](#).

Couche-Tard is one of the best-performing stocks on the TSX, with a 10-year CAGR of 30%. Shares are up about 15% for the year.

Couche-Tard is a great stock to hold in any context, but even more so during the pandemic because it's very defensive.

The convenience store giant's net income nearly doubled in the fourth quarter of 2020 despite the turbulence caused by the pandemic and lockdowns.

Couche-Tard reported for its fourth-quarter net income of US\$576.3 million, or US\$0.52 per share, compared to US\$289 million, or US\$0.26 per share, in the same quarter a year earlier. Earnings are expected to grow at an annual rate of 6.5% over the next five years.

The stock is quite cheap, with a trailing P/E of 16.8 versus a five-year average P/E of 20.1.

Fool contributor *Stephanie Bedard-Chateauneuf* owns shares of *Alimentation Couche-Tard Inc.*

Cindy Dye: Linamar

The automotive industry has faced several challenges over the past decade, including the current pandemic. **Linamar** ([TSX:LNR](#)), known primarily as an automotive parts manufacturer, has proven that it not only survives economic downturns but historically makes a quick comeback once the crisis is over.

Linamar's strong balance sheet allows the company to continue to invest in product development, even during times when the manufacturing cycle is lagging. This puts Linamar ahead of its competitors – other companies are struggling to ramp up production or bring new products to market after the crisis ends.

The company recently announced it has returned to 100% global operational capacity. With the COVID-19 shutdowns behind the company, as well as the newly implemented Canada-United States-Mexico Free Trade Agreement in effect, the stock looks poised to return to previous highs.

Fool contributor *Cindy Dye* has no position in *Linamar*.

Ambrose O'Callaghan: Emera Inc.

My top stock for August is **Emera** ([TSX:EMA](#)). The North American economy continues to look shaky. That fact, coupled with high valuations in the broader market, makes defensive stocks look attractive. Shares of Emera have climbed 2.5% in 2020 as of late afternoon trading on July 31.

In Q1 2020, the company saw its cash flow increase by \$84 million from the prior year to \$502 million. It has a very strong record as a dividend payer. Emera last paid out a quarterly dividend of \$0.6125 per share, which represents a solid 4.4% yield. Better yet, the stock possesses a favourable price-to-earnings ratio of 15 and a price-to-book value of 1.5. Emera can protect your portfolio in the second half of 2020.

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

CATEGORY

1. Investing
2. Top TSX Stocks

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BN (Brookfield Corporation)
3. NYSE:ENB (Enbridge Inc.)
4. NYSE:FTS (Fortis Inc.)
5. NYSE:GOOS (Canada Goose)
6. NYSE:KGC (Kinross Gold Corporation)
7. NYSE:RCI (Rogers Communications Inc.)
8. NYSE:SJR (Shaw Communications Inc.)
9. NYSEMKT:BTG (B2Gold Corp.)
10. TSX:AQN (Algonquin Power & Utilities Corp.)
11. TSX:BN (Brookfield)
12. TSX:BTO (B2Gold Corp.)
13. TSX:DCBO (Docebo Inc.)
14. TSX:EMA (Emera Incorporated)
15. TSX:ENB (Enbridge Inc.)
16. TSX:FAF (Fire & Flower)
17. TSX:FTS (Fortis Inc.)
18. TSX:GOOS (Canada Goose)
19. TSX:K (Kinross Gold Corporation)
20. TSX:LNR (Linamar Corporation)
21. TSX:RCI.B (Rogers Communications Inc.)
22. TSX:REAL (Real Matters Inc.)
23. TSX:SJR.B (Shaw Communications)
24. TSX:SLF (Sun Life Financial Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Sharewise
6. Yahoo CA

Category

1. Investing
2. Top TSX Stocks

Date

2025/07/22

Date Created

2020/08/03

Author

motley-fool-staff

default watermark

default watermark