



## 11 Top TSX Stock Picks for October

### Description

We asked our Foolish writers for their top ideas for October – here are their picks:

#### Nicholas Dobroruka: Toronto-Dominion Bank

My top stock for the month of October is Canadian Bank **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). Ranked as the second-largest bank in Canada, TD Bank has a market cap of \$110 billion.

With many tech companies now trading above pre-COVID price levels, I'm shifting my focus to bank stocks. The valuations there are much more attractive than in the tech industry today.

TD Bank is trading roughly 15% below where it began the year. For long-term investors looking to [add a bank stock](#) to their portfolio, this is a dip in price you'll surely want to take advantage of.

The bank trades today at a [very affordable](#) forward price-to-earnings ratio of 11, and a price-to-book ratio of just 1.25.

In addition to the attractive valuation, TD Bank boasts a very impressive dividend yield above 5% at today's stock price.

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

#### Amy Legate-Wolfe: Toronto-Dominion Bank

A new wave of the coronavirus is sweeping through Canada, and another market crash could already be underway. That makes now the best time to protect your portfolio. One of the best options out there is **Toronto Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)).

While the other six big banks in Canada are also good options, I like TD Bank because it has the highest opportunity for growth. The bank is already one of the top 10 in the United States, but it's only expanded into the northeastern part of the country. It's also stretching out into the wealth and

commercial management sectors, highly lucrative areas for the company to create revenue. Then, of course, it's at a huge discount as the market crash continues, yet still has a CAGR of 10.2% for the last five years.

Meanwhile, you can enjoy it's 5.2% dividend yield as of writing that's actually grown during the crash. If you're looking to protect your portfolio for the long term, it doesn't get much better than TD Bank as it should bounce right back after the markets rebound.

*Amy Legate-Wolfe owns shares of Toronto-Dominion Bank.*

## Stephanie Bedard-Chateauneuf: Alimentation Couche-Tard

**Alimentation Couche-Tard** (TSX:ATD.B), a leader in the convenience store industry, is my top stock for October.

Couche-Tard just had a solid quarter despite a challenging macroeconomic environment caused by the COVID-19 pandemic. Increased demand for groceries and lower fuel costs boosted the company's profits.

Couche-Tard reported net income of US\$777.1 million for the first quarter of 2021, up 44% from US\$538.8 million in the corresponding quarter last year.

The convenience store giant hasn't seized the American chain of convenience stores and service stations Speedway, but is looking for acquisitions. Other opportunities should soon arise, especially in the United States in the Asia-Pacific region.

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

## Rajiv Nanjpla: TransAlta Renewables

As the world moves towards renewable energy, my pick for October is **TransAlta Renewables** ([TSX:RNW](#)). It operates 13 hydro facilities, 19 wind farms, and one natural gas plant in Canada. Meanwhile, the company also has economic interests in diverse assets across the United States and Australia.

The company sells the power generated from these assets through long-term PPAs (power purchase agreements) to load-serving utilities, public power authorities, and industrial customers. Currently, the weighted average remaining contractual life of these PPAs is 11 years. So, the company's earnings and cash flows are mostly stable.

At the end of its recently completed second quarter, the company's liquidity stood at \$498 million. So, it has ample liquidity to fund its growth initiatives and pay its dividends. The company pays dividends monthly. Its forward dividend yield stands at a healthy 5.7%.

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

## Puja Tayal: Kinaxis

My top TSX stock pick for October is **Kinaxis** ([TSX:KXS](#)), a provider of supply chain planning solutions. I picked this stock even in July as it was resilient to the pandemic and could thrive in the post-pandemic world. It still holds. Many virus stocks surged to unprecedented levels on the back of pandemic-driven demand. But Kinaxis surged even though the pandemic delayed new contracts and subscription renewals. These contracts will materialize at a later date. It might also see higher demand as [supply chain challenges would only grow](#) in the COVID-19 economy where business flexibility is the new normal.

Since July, the Kinaxis stock rally has been more or less flat with peaks in the first five days of the month. The stock is trading at a 30% discount from its 52-week high. It has the potential to make a new high before its third-quarter earnings in November.

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

## Sneha Nahata: Kinaxis

With its increasing blue-chip customer base and strong order backlog, **Kinaxis** ([TSX:KXS](#)) should be on your radar for creating wealth. Kinaxis' supply-chain management software and solutions continue to generate stable demand irrespective of economic situations.

Its revenues and EBITDA have been growing at a double-digit rate over the past several years. Meanwhile, the company generates stellar cash flows. Kinaxis is mulling to expand into new geographies and continues to invest in innovation, which is likely to support its future growth. Also, its recent acquisition of Rubikloud is expected to accelerate its growth further by adding a new target market.

Kinaxis stock has consistently outperformed the broader markets. Moreover, with its growing recurring revenue base and large addressable market, the uptrend in its stock is likely to continue.

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

## Jed Lloren: Goodfood Market

My choice for top stock in October is **Goodfood Market** ([TSX:FOOD](#)). I admit, this is a company I wish I had given more of a chance earlier this year. I had previously brushed it aside as a temporary COVID play with little long-term upside. However, I have been ordering groceries online since the peak of the pandemic and believe these services make life much more convenient.

It is evident that many Canadians think the same as me. In August 2020, Goodfood announced that it had surpassed 200,000 subscribers. While the company still plans on scaling production in the future, Goodfood currently has the capacity to serve 600K subscribers across the country. As COVID cases continue to increase, Goodfood may be able to attract more customers in the short-term. I think this industry could be an [exciting one to watch](#) moving forward.

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

## Kay Ng: Fairfax Financial Holdings

It has been a bad year for **Fairfax Financial Holdings** ([TSX:FFH](#)) stock. The COVID-19 pandemic has triggered near-term losses for its underwriting business. However, in the first half of the year, it still managed to report an underwriting profit of US\$89.8 million.

Year to date, six insiders bought shares in the company, indicating that the stock is too cheap to ignore. Particularly, in June, Prem Watsa, the chairman and CEO, bought the most shares – worth US\$149 million at an average price of US\$308.64 per share.

At \$382.67 (or US\$285.72) per share, the [deep-discount dividend stock](#) offers a nice yield of 3.4%. According to analysts' average 12-month price target on the stock, it has the potential to climb approximately 46% in the near term.

*Fool contributor Kay Ng owns shares of Fairfax.*

## Karen Thomas: Blackberry Ltd.

My top pick this month is a technology leader that is well-known amongst investors. And although it is mostly known for its mobile phone business that it exited years ago, its new businesses are really set to flourish.

As a cybersecurity expert and a leader in machine-to-machine connectivity, **Blackberry Ltd.** ([TSX:BB](#))([NYSE:BB](#)) has a bright future. Simply put, long-term secular growth trends support these businesses. Demand growth for cybersecurity will grow at a healthy clip as remote working increases. And Blackberry QNX is at the forefront of transforming automobiles into connected systems today and autonomous vehicles tomorrow.

Finally, Blackberry is in top financial shape, with \$977 million in cash. The company is free cash flow positive and is seeing signs of a slow recovery in all of its businesses.

*Fool contributor Karen Thomas does not own shares of Blackberry Ltd.*

## Robin Brown: Brookfield Renewable Partners

**Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) is my top October stock pick. While the stock has been on a tear since March (up 88%), BEP has still has some very favorable tailwinds.

Renewables are once again in vogue, just as they were prior to the pandemic. Fortunately, BEP is one of the largest pure-play renewable power stocks in the world.

A Joe Biden victory in the U.S. election and a subsequent green energy plan would be very favorable for this top green energy stock. BEP pays a 3.5% dividend, but management anticipates organic cash flow growth of 6-11%, so chances are that dividend is going up for many years to come.

*Fool contributor [Robin Brown](#) owns shares of Brookfield Renewable Partners.*

## David Jagielski: Fire & Flower Holdings

**Fire & Flower Holdings** ([TSX:FAF](#)) is my top stock for October. It's trading at a low price-to-sales ratio of 1.3 and is a cheap buy given the stability that it offers. With a key investor in Alimentation Couche-Tard backing its growth, Fire & Flower could be the best retail pot stock to buy today.

The company's coming off an impressive quarter where sales of \$28.6 million grew by 158% year over year. Fire & Flower recently opened its second location in Toronto and with Ontario issuing more licenses, there will be even more opportunities for the company to tap into some attractive growth opportunities in Canada's largest province.

With lots of potential, a great partner, and a cheap valuation, this is one pot stock that should be on every cannabis investor's radar.

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

## Andrew Button: Royal Bank of Canada

Bank stocks are looking solid in October. And the **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is looking the best out of its Canadian peers.

In Q3, the Royal Bank achieved earnings that [dramatically beat analyst expectations](#). Revenue came in at \$12.9 billion, up 11.9% year-over-year—far better than the \$11.5 billion analysts expected. Net income, meanwhile, was down only 2% year-over-year. With profit of \$3.2 billion, the Royal Bank is a stone's throw away from recovering to where it was before COVID-19. Yet the stock is still down 9.3% for the year as of this writing—giving it a juicy 4.6% dividend yield.

One final note: there's been a lot of talk about low interest rates hurting bank stocks. It's true that some banks are interest rate sensitive, but not all are. With diversified operations in investment banking and wealth management, the Royal Bank has plenty of operations that aren't damaged by low rates. Overall, it's well positioned to thrive in the years ahead.

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

## Debra Ray: Algonquin Power & Utilities

**Algonquin Power & Utilities Corp** ([TSX:AQN](#))([NYSE:AQN](#)) is one of the best stocks you can buy in

October. Utility stocks are safe investments during times of economic uncertainty. Moreover, Algonquin has partnered with Chevron to expand growth in its renewable energy business.

During the March 2020 market crash, this utility stock dropped from a 52-week high of \$22.39 to a 52-week low of \$13.84. Now, the stock is trading for around \$19.18 per share.

It is the perfect time to buy Algonquin stock because it is still trading at below its pre-pandemic 52-week high. You will also earn a very nice annual dividend yield of around 4.29% at the current share price.

*Fool contributor Debra Ray has no position in any of the stocks mentioned.*

## CATEGORY

1. Investing
2. Top TSX Stocks

## TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BB (BlackBerry)
3. NYSE:BEP (Brookfield Renewable Partners L.P.)
4. NYSE:RY (Royal Bank of Canada)
5. NYSE:TD (The Toronto-Dominion Bank)
6. TSX:AQN (Algonquin Power & Utilities Corp.)
7. TSX:ATD (Alimentation Couche-Tard Inc.)
8. TSX:BB (BlackBerry)
9. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
10. TSX:FAF (Fire & Flower)
11. TSX:FFH (Fairfax Financial Holdings Limited)
12. TSX:FOOD (Goodfood Market)
13. TSX:KXS (Kinaxis Inc.)
14. TSX:RNW (TransAlta Renewables)
15. TSX:RY (Royal Bank of Canada)
16. TSX:TD (The Toronto-Dominion Bank)

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