



## 14 Top TSX Stocks to Buy in December 2020

### Description

We asked our Foolish writers for their top stock picks for the month of December – here are their choices:

### Amy Legate-Wolfe: CloudMD Software & Services Inc.

There are few industries out there today that should do well even during another market crash. However, healthcare is one of them. The healthcare industry has seen a ton of investment during this pandemic, and that is likely to continue beyond this year.

That makes **CloudMD Software & Services Inc.** ([TSXV:DOC](#)) the perfect investment for the future of healthcare. The company's virtual physician program continues to grow through acquisition, with returns at around 600% as of writing in just a year. Yet it's still incredibly affordable. Revenue is up 163% year over year in the last quarter, and should only continue to grow as the company expands. For those looking to make strong returns for the next year and beyond in this post-pandemic world, CloudMD is an ideal defensive stock.

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

### Sneha Nahata: Shopify

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) stock is my [top pick for December](#). The higher retail activity during the holiday season and the growing number of people shopping online could significantly boost its stock.

Shopify's 2020 Black Friday global sales skyrocketed to \$2.4 billion, thanks to the increased number of consumers shopping online this year. Besides, its average Black Friday cart size also increased by 11%. The structural shift toward digital platform should help Shopify deliver robust growth in December. Moreover, positive secular trends provide a multi-growth opportunity. Shopify is expected to gain big from the acceleration in demand, sustained momentum in its gross merchandise volume,

improved monetization rate, and up-selling of its high-value products and services.

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

## Vineet Kulkarni: Shopify

Top tech stock **Shopify** could remain in focus after stronger-than-expected Black Friday sales last week. It announced record sales of \$2.4 billion on its platform, which were 75% higher than the Black Friday sales last year.

The e-commerce enabler is already one of the biggest winners of the pandemic this year. For the nine months ended September 30, 2020, Shopify reported an 82% revenue increase compared to the same period last year. The Black Friday sales could substantially uplift its topline for the current quarter.

Shopify stock is up more than 160% so far this year. But it is currently trading 10% lower than its all-time high of \$1,502 it hit in September. The [relative discount](#) and yet-another record Black Friday sales could push the stock higher in the short to medium term.

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

## Jed Lloren: Shopify

My top [stock for this month](#) is **Shopify**. With the Christmas season coming up, the company should continue to post record numbers. As consumers have continued to shop online, because of the pandemic, Shopify has seen an incredible boost in year-over-year revenue. Over the weekend, the company reported record-setting Black Friday sales of \$2.4 billion worldwide.

This year has been one to remember for the company. In September, Shopify was announced as the top company in the TSX30, indicating that its stock performance over the past three years has been the most impressive of all companies listed on the TSX. A leader in the ecommerce industry, Shopify should continue to post impressive numbers as consumers continue to shift towards online shopping.

*Fool contributor Jed Lloren owns shares of Shopify.*

## Nicholas Dobroruka: BlackBerry

Don't look now, but **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) is up 30% over the past month. My top stock for the month of December, BlackBerry, has investors excited about a potential turnaround.

The company has been a terrible investment for shareholders over the past decade. The stock is down nearly 90% over the past 10 years. But the recent bull could mean the worst is behind the tech company.

In fairness, the 30% run over the past month was driven primarily by positive news surrounding a potential COVID-19 vaccine. That doesn't mean there isn't a list of reasons to believe why the stock can return to delivering [market-beating growth](#), though.

BlackBerry has already established itself as one of the most trusted endpoint security and data privacy management providers in the world. Pair that with expected double-digit growth in the entire cybersecurity industry over the next 5 years and you're looking at a [potential multi-bagger](#) trading below \$10 a share today.

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

## David Jagielski: BlackBerry Limited

BlackBerry is my top pick for December. The tech stock is coming off a strong month of November after Plus, a company that makes driverless trucks, announced that it would be using BlackBerry's QNX technology for its vehicles.

It's the news the stock has needed to finally light a fire under it and the returns could become even greater in December when BlackBerry releases its third-quarter results. BlackBerry's coming off a strong second quarter where sales of US\$259 million beat analyst expectations of US\$237 million. Another strong showing in Q3 could ensure that its recent rally continues.

Trading at less than two times its book value, this is a stock many investors may have overlooked, and a string of good news could make it a hot buy.

*Fool contributor David Jagielski owns shares of BlackBerry Limited.*

## Puja Tayal: Descartes Systems

My top TSX stock pick for December is **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)), a provider of logistic and supply chain management systems. This stock is resilient to the pandemic because of its diverse customer base. Pandemic or no pandemic, people will consume goods, and that will need logistics and supply chain solutions. Descartes stock surged more than 60% in the pandemic era as e-commerce volumes shot up.

Now, the world is looking towards the COVID-19 vaccine, and its distribution will be a supply chain and logistics challenge. Canada is relying on other countries like the United States, the United Kingdom, and Germany for the vaccine. That means [more business for Descartes](#). The stock could see double-digit growth in December.

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

## Joey Frenette: Alimentation Couche-Tard Inc.

**Alimentation Couche-Tard** (TSX:ATD.B) recently pulled the curtain on some pretty awesome

quarterly results. Surprisingly, the reaction was as mixed as it was muted.

The company beat handsomely on the bottom-line amid continued coronavirus disruptions. Yet, the solid numbers weren't enough to keep the stock from falling at the hands of a broader market rotation out of defensive plays. Indeed, the appetite for COVID-19 recovery plays has increased drastically at the expense of high-quality defensives like Couche-Tard.

With a renewed share repurchase program, approximately \$6 billion in cash and credit to go on a value-creative acquisition spree, and a stock that's close to the most undervalued it's been since the depths of March, I'd look to load up on the stock today while it's stuck in the penalty box for reasons outside of its control.

*Fool contributor Joey Frenette owns shares of Alimentation Couche-Tard Inc.*

## Robin Brown: Calian Group Ltd.

**Calian Group** ([TSX:CGY](#)) is a great little-known stock to buy in December. It provides essential IT/cybersecurity, learning, health, and advanced technological solutions/products for governments and the private sector.

The pandemic has accelerated a number of key parts of its business. As a result, Calian grew 2020 annual revenues and adjusted EBITDA by 26% and 36%, respectively. Management is targeting a long-term internal growth rate of 10% per year (not including acquisitions). Despite a stable growth outlook, the stock is relatively cheap (a forward price to earnings of only 17 times) and it pays a decent 2% dividend. All-in, now is an attractive entry point for a long-term position.

*Fool contributor [Robin Brown](#) owns shares of Calian Group Ltd. The Motley Fool recommends Calian Group Ltd.*

## Stephanie Bedard-Chateauneuf: Aphria

**Aphria** (TSX:APHA)(NASDAQ:APHA), one of the world's largest cannabis companies, is my [top stock for December](#). The pot stock has more than tripled in value since its March low and has still more upside.

Aphria recently entered the U.S. market by acquiring SweetWater Brewing. The cannabis producer says the merger will create a combined branded cannabis lifestyle products company with significant cross-selling and market expansion opportunities.

Aphria announced a few days ago the expansion of its 510 Vape offering across its award-winning adult-use brand portfolio. The vape category is expected to account for up to 20% of adult sales in Canada. Currently, Aphria maintains its leading adult-use market share position in Alberta and Ontario.

*Fool contributor Stephanie Bedard-Chateauneuf has no position in any stock mentioned.*

## Andrew Button: The Canadian National Railway

The **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) is a long-time Motley Fool Canada recommendation that has performed brilliantly this year. Up 17% year-to-date, the stock has soundly beaten the market. The gains came after a string of modestly good earnings releases. In the first quarter, the company's earnings [soared 31% despite COVID-19](#). The second quarter saw a 26% decline in adjusted diluted EPS, which was a comparatively small decline for a non-tech stock in that quarter—Q2 was when the most severe COVID-19 financial damage occurred this year.

CN Railway increased its dividend this year, continuing its long streak of solid dividend growth. At \$140, CNR stock is more expensive than it has been, but this company has a long track record of pulling through in the midst of crises. A solid defensive play that also has growth potential.

*Fool contributor Andrew Button owns shares of Canadian National Railway.*

## Debra Ray: Canadian Imperial Bank of Commerce

**Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)) is my top stock for December. The dividend is stellar at around 5.25%. Moreover, the stock is back to trading at around pre-pandemic levels. That's a huge comeback.

It is true that increasing default rates are still something to worry about during the ongoing pandemic. Further, the economy might experience some more rough waters for the first half of 2021.

Nevertheless, Canadian banks are some of the strongest in the world. Canadians should definitely own [CIBC](#) in their stock market portfolio. Owning some strong banks and financial stocks is a must-have.

Stay fearless and give this strong dividend payer a try in December.

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

## Kay Ng: Barrick Gold Corp.

I'm once again choosing **Barrick Gold** ([TSX:ABX](#))(NYSE:GOLD) as my top pick. Higher gold prices have allowed Barrick to generate lots of free cash flow. In the trailing 12 months, it produced US\$2.7 billion in free cash flow.

Any heightened risk in the near term, such as from potential delays/hiccups in vaccine distribution or maybe the vaccine programs won't be as effective as expected could usher investors to flock to the [safe-haven stock](#) and spark a new rally in Barrick.

The recent correction of more than 25% to below \$30 per share is an excellent opportunity to buy some Barrick shares. Currently, the average analyst price target suggests 12-month upside potential of more than 45%.

*Fool contributor Kay Ng owns shares of Barrick Gold.*

## Daniel Da Costa: Xebec Adsorption

One of the hottest investing trends of 2020 has been buying environmentally conscious companies. That's sure to continue into 2021, which is why I'm recommending investors take a good look at **Xebec Adsorption** (TSXV:XBC) in December.

Xebec builds and services equipment that filters naturally occurring gases and transforms them into renewable natural gas or hydrogen. This revolutionary technology is vital in helping to fight climate change.

Already this year, renewable energy stocks have seen strong growth. But its disruptors like Xebec that offer investors the most potential. The stock is up by more than 170% in 2020. However, with a market cap of just \$600 million, it still has a tonne of growth potential.

*Fool contributor Daniel Da Costa owns shares of Xebec Adsorption Inc.*

## Demetris Afxentiou: TransAlta Renewables

There are a handful of stocks that should be on the radar of every investor. My pick this month is one of those stocks. **TransAlta Renewables** ([TSX:RNW](#)) is a utility boasting a portfolio of renewable energy assets located across Canada, the U.S., and Australia.

Those assets provide a recurring and steady revenue stream for the company. It also enables TransAlta to provide investors with a tasty monthly dividend that carries a 5.21% yield.

But why now? Clean energy is growing in importance. As environmental regulations evolve, fossil-fuel burning utilities will need to invest heavily in renewables. Fortunately, TransAlta already has an all-renewable portfolio. Additionally, a new U.S. administration is ready to take the helm in January that will begin to put an emphasis on renewables.

*Fool contributor Demetris Afxentiou has no position in any stocks mentioned.*

## Jitendra Parashar: Canadian Western Bank

**Canadian Western Bank** ([TSX:CWB](#)) is my top stock pick for December. It's an Edmonton-based bank with a market cap of about \$2.6 billion and a 3.8% dividend yield.

Despite the COVID-19 crisis, Canadian Western has beat Bay Street's earnings estimates in the first three quarters of its fiscal 2020. Its net interest income has [remained stable](#), and profit margins — unlike many of its peers — have improved during this period. Apart from its management's focus on enhancing digital capabilities, the bank's branch-raised deposits rose by 22% in the July quarter.

I expect the positive trend in Canadian Western's net interest income and branch-raised deposits to



continue in the October quarter. While its stock rose by about 24% in November, it's still down 5% on a year-to-date basis. Due to its consistently strong financial performance, Canadian Western's stock has the potential to outperform the broader market and its peers in the coming months.

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

## Karen Thomas: Northland Power Inc.

**Northland Power Inc.** ([TSX:NPI](#))(NYSE:NPI) is on a roll. The stock is trading at 52-week highs. The company is beating expectations. And the macro environment for the clean energy business is thriving. Demand is high, and the political and social environment for it is positive.

And to top this all off, Northland Power stock is still trading at very reasonable valuations. And it generates impressive returns and solid cash flows. This independent power producer is my top stock pick for December as I expect that it will continue to outperform. The clean and green energy industry is growing rapidly. So is Northland Power.

Fool contributor Karen Thomas owns shares of Northland Power Inc.

### CATEGORY

1. Top TSX Stocks

### TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. NYSE:B (Barrick Mining)
3. NYSE:BB (BlackBerry)
4. NYSE:CM (Canadian Imperial Bank of Commerce)
5. NYSE:CNI (Canadian National Railway Company)
6. NYSE:SHOP (Shopify Inc.)
7. TSX:ABX (Barrick Mining)
8. TSX:BB (BlackBerry)
9. TSX:CGY (Calian Group Ltd.)
10. TSX:CM (Canadian Imperial Bank of Commerce)
11. TSX:CNR (Canadian National Railway Company)
12. TSX:CWB (Canadian Western Bank)
13. TSX:DSG (The Descartes Systems Group Inc)
14. TSX:NPI (Northland Power Inc.)
15. TSX:RNW (TransAlta Renewables)
16. TSX:SHOP (Shopify Inc.)
17. TSX:XBC (Xebec Adsorption Inc.)
18. TSXV:DOC (CloudMD Software & Services Inc.)

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**Author**

motley-fool-staff

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