



## 15 Top TSX Stock Picks for February 2021

### Description

We asked our Foolish writers for their top stock picks for February – here are their choices:

#### Nicholas Dobroruka: Dye & Durham

My top pick for the month of February is the high-growth tech company, **Dye & Durham** ([TSX:DND](#)).

The \$2.5 billion software company has been trading on the **TSX** for just over six months but has already grown more than 150%.

The [growth stock](#) provides cloud-based software for its clients, which primarily consist of legal and financial firms, and government institutions. The software is designed to automate the process of storing and accessing public records.

No one will make the case that Dye & Durham is in the most exciting line of business, but that should not stop investors from starting a position in this potential [multi-bagger](#). What investors should be more concerned about is the high valuation.

While Dye & Durham does trade at a lofty price-to-sales ratio above 30 today, growth does not come cheap. If you're able to hold for the long-term and can stomach the volatility, this is one tech stock you'll want to have on your radar this month.

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

#### Amy Legate-Wolfe: Brookfield Renewable Energy Partners LP

Yes, **Brookfield Renewable Energy Partners LP** ([TSX:BEP.UN](#))([NYSE:BEP](#)) is seeing some huge growth from the momentum of a new President of the United States. President Joe Biden's administration is putting billions aside to see the expansion of renewable energy projects. The company has 19,000 megawatts capacity in its portfolio, and continues to expand through acquisition,

supported by an incredible balance sheet. While the company is a bit overpriced for now, if you are looking for a long-term investment this is the stock for you.

Brookfield has seen share growth of 3,111% in the last two decades, and 90% in the last year alone. It also sports a solid 2.52% dividend yield as of writing. But all this growth could only be the beginning as the world moves more towards renewable energy. This is the kind of stock that you'll thank yourself for buying decades from now, with a dividend that will see you through the wait. Fool contributor Amy Legate-Wolfe does not own shares in any of the stocks mentioned.

## Chris MacDonald: Cineplex Inc.

My top stock for March is **Cineplex** ([TSX:CGX](#)). This is a stock I've been downright bearish on in the past, but think is poised for a parabolic move in the upcoming month.

Why, you may ask? I think Cineplex could be one of the targets for the Reddit "wallstreetbets" retail investor group that has put short-sellers in their sights. Cineplex has a short volume ratio around 44% right now, and has been one of Canada's most traded stocks in the past.

If we see the mob gang up on this TSX-listed rebound play, the momentum we've seen in February could continue in a parabolic fashion in March. This company doesn't have great fundamentals or other catalysts right now, but this one driver could take this stock back to pre-pandemic levels easily if Cineplex follows in **BlackBerry's** footsteps.

*Fool contributor Chris MacDonald does not have any positions in the stocks mentioned.*

## Andrew Walker: Enbridge

**Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) might surprise to the upside in 2021.

The energy infrastructure giant took a beating last year as investors dumped anything connected to the energy sector. Bargain hunters started to buy the stock in November and the momentum should continue in the coming months as the economy reopens and fuel demand recovers.

Enbridge raised the distribution last fall as strong performances in the gas transmission, gas utility and renewable energy groups helped offset weakness in the oil pipelines business. This eased fears that the next move could be a dividend cut.

The stock still looks cheap at the current price and offers a solid 7.5% yield.

*Fool contributor Andrew Walker owns shares of Enbridge.*

## Vineet Kulkarni: Enbridge

Amid bumpy economic recovery and increased volatility in broader markets, safe and high-yield stocks will be in focus this year. My pick for February is the top energy midstream stock **Enbridge**.

ENB stock currently yields almost 8%, notably higher than TSX stocks at large. Its safe business model and stable earnings enable regular dividends. Because of its slow-stock price movements, ENB stock could act as a [hedge against volatile markets](#). Also, one can expect a decent dividend growth from ENB every year, which can beat inflation.

Enbridge transports 25% of the oil and 20% of the total natural gas needs of North America. Its large pipeline network is non-replicable and acts as a high barrier for new entrants. Its earnings steadiness and striking dividend profile make it an attractive investment proposition for the long term.

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

## Karen Thomas: Altagas

My top pick this month is a stock that continues to be overlooked. **Altagas Ltd.** ([TSX:ALA](#)) is a utility company. But it's also a company with midstream operations. This means that it's defensive with plenty of robust growth.

Ever since Altagas was forced to cut its dividend in 2018, the stock has been in the penalty box. But today, Altagas does not have the problems it once had. It is, in fact, generating stable and reliable cash flows. It's also benefitting from its position in the fast-growing Canadian propane industry.

Yet, Altagas stock price has been an underperformer. The market is focused on other things. But I think Altagas' time has come. The company will release 2020 results on February 26. I expect a strong showing as the propane market continues to surge. Earnings and cash flows are on the rise. Yet Altagas continues to trade below book value. Here is the opportunity.

*Fool contributor Karen Thomas owns shares of Altagas Ltd.*

## Ryan Vanzo: Hydro One

My top stock for February is **Hydro One** ([TSX:H](#)). If you want to sleep easy, this is the stock for you.

Hydro One is a rate-regulated utility. Around 99% of sales come from rate-regulated sources. That means pricing is extremely reliable, as rates are dictated years in advance by regulators. Volumes, meanwhile, are similarly stable, as power demand doesn't fluctuate as much as economic volatility.

Population growth should allow the company to grow its rate base by 5% annually. The dividend, meanwhile, generates an additional 3% return. This stock will never blow you out of the water, but it should produce regular positive returns.

*Fool contributor Ryan Vanzo has no position in Hydro One.*

## Jed Lloren: Galaxy Digital

My top stock for this month is **Galaxy Digital** ([TSX:GLXY](#)). Since I first [covered the stock](#) in

September, it has gained as much as 245%. Today, it trades about 20% from its recent highs, providing investors a nice entry point. What is Galaxy Digital? The company offers alternative investment management services focused on digital assets and blockchain technology.

Led by ex-hedge fund manager, Michael Novogratz, Galaxy Digital has grown to hold more than \$240 million in digital assets. Much of the stock's recent gains can be attributed to the meteoric rise of Bitcoin and Ethereum at the start of the year. With many large investment firms beginning to see the investment proposition in Bitcoin, Galaxy Digital could be an excellent option for investors that wish to add some exposure to that space.

*Fool contributor Jed Lloren has no position in any of the stocks mentioned.*

## Kay Ng: Brookfield Asset Management

**Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)) is my top pick for February. The global alternative asset manager has a track record of growth and creating shareholder value.

It already has sizeable businesses in real estate, renewable power, infrastructure, private equity, and credit, and it will be spinning out its reinsurance business in the first half of 2021.

BAM's assets under management (AUM) are at about US\$575 billion and growing, as it continues to expand its businesses. So, it generates increasing management and performance fees.

The growth stock provides a dividend yield of about 1.2% and is attractively valued now for long-term investment.

*Fool contributor Kay Ng owns shares of Brookfield Asset Management.*

## Demetris Afxentiou: Wheaton Precious Metals

Market volatility continues to remain a concern for many investors. That volatility also means that investors are turning to the perceived safety of precious metal investments. That's just one reason why my pick for this month is **Wheaton Precious Metals** ([TSX:WPM](#))([NYSE:WPM](#))

To be clear, Wheaton is a *streamer*, and not a miner. Streamers provide upfront capital in exchange for being able to purchase metals at a highly discounted rate. Those metals can then be sold on at the going market rate, resulting in a handsome bump in revenue.

Apart from the benefit of that discounted rate, Wheaton's streaming business is lower risk over its traditional mining peers. By leaving day-to-day operations to its traditional mining partners, Wheaton can expand to other locations very quickly. Proof this lies with the 21 active mines on three continents and a further 9 mines in development that Wheaton currently has.

Finally, if that is not reason enough to consider Wheaton, prospective investors should note the respectable quarterly dividend, which currently works out to a 1.17% yield.

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

## Andrew Button: Shopify

**Shopify Inc** ([TSX:SHOP](#))([NYSE:SHOP](#)) is my top stock for February. In the last week of January, SHOP took a bit of a dip, declining 8.3% from \$1,531 to \$1,394. Yet its most recent two quarters were absolute blowouts, seeing revenue up 97% and then 96%. Both quarters also saw positive net income, in both GAAP and adjusted terms.

It's likely that SHOP will beat on earnings again in its next quarter. When **Facebook** released its Q4 results, it reported net income up 53%, and attributed it to surging [online shopping](#). This suggests that the COVID-19 "e-commerce boom" is still happening. If that's the case then SHOP's earnings are likely to be strong, perhaps even ahead of expectations.

What all this adds up to is the opportunity to buy SHOP on the dip in February ahead of a likely earnings beat. That doesn't make the stock a long-term hold but does make it one to watch this month.

*Fool contributor Andrew Button owns shares of Facebook Inc.*

## David Jagielski: ATS Automation Tooling Systems

**ATS Automation Tooling Systems** (TSX:ATA) is my top pick for February. I'm a big fan of automation and especially now with businesses looking to be leaner and more efficient, ATS's services could be in high demand this year. In the past three months, the stock has been picking up steam, rising more than 30%.

The company has continued to post a profit in each of the past four quarters, even though its customers have been negatively impacted by the coronavirus pandemic. And although the stock looks expensive, trading at a price-to-earnings ratio of 54, when based on its future earnings, the multiple falls to 16.

ATS could be a hot buy in 2021 as the economy begins to recover and as companies invest in improving their operations.

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

## Jitendra Parashar: TC Energy

**TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) is my top stock pick for February. This Calgary-based energy infrastructure firm has total assets of about \$100 billion — with its main focus on natural gas and liquids pipelines. Its stock currently has an attractive dividend yield of 5.9%.

TC Energy recently faced a setback as President Joe Biden revoked Keystone XL presidential permit right after his swearing-in ceremony. Nonetheless, the company recently revealed that it's advancing other similar projects worth \$25 billion.

Advancing these projects will result in robust earnings growth and help TC Energy generate strong cash flow per share. The move would also allow the company to reward its investors by increasing its annual dividends by 8-10% this year and 5-7% thereafter. Its stock rose by 6% in January after losing 25% in 2020. It could just be the start of a long term stock price rally. That's why it could be a [great stock to buy](#) in February for long-term investors and dividend investors.

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

## Daniel Da Costa: Alimentation Couche-Tard

My top recommendation for February is **Alimentation Couche-Tard** ([TSX:ATD](#)). Couche-Tard is one of the best long-term Canadian growth stocks you can own. The gas station and convenience store operator has thousands of locations worldwide and has grown its net income by more than 100% in just the last three years.

Trading under \$40 a share, the stock hasn't been this cheap since last April when it was recovering from the market crash. This discount makes now the perfect opportunity to take a long-term position in the incredible Canadian company. I would act soon, though. This outstanding growth stock likely won't stay this cheap for very long.

*Fool contributor Daniel Da Costa has no positions in any stocks mentioned.*

## Puja Tayal: Lightspeed POS

My top TSX stock pick for February is omnichannel commerce platform **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)). The company more than doubled its revenue last year through acquisitions and accelerated innovation during the pandemic. The stock is seeing a correction as the holiday season sales fade, and the pandemic-induced demand normalizes. But it has the potential to grow in 2021 as it moves in the supply chain with its Supplier Network. It will now provide a commerce platform connecting suppliers and retailers.

Lightspeed stock is trading at 60 times its sales per share. The stock could grow as its upcoming fiscal third-quarter earnings will include the recent acquisitions of ShopKeep and Upserve.

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

## Sneha Nahata: Bank of Montreal



**Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) is my top stock pick for February. I believe the uptick in economic activities is likely to fuel credit demand, thus providing a solid base for growth. Further, Bank of Montreal has returned to profit, while its loans and deposits continue to grow, which is encouraging.

The balance sheet expansion, improving efficiency ratio, and sharp sequential decline in credit loss provisions are likely to cushion its bottom-line and support its growth. Bank of Montreal stock trades at a P/BV multiple of 1.2, representing a discount of 23% compared to its peer group average of 1.6. The bank is also known for its robust dividend payments and currently offers a high yield of 4.5%.

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

## CATEGORY

1. Investing
2. Top TSX Stocks

## TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:BMO (Bank of Montreal)
3. NYSE:BN (Brookfield Corporation)
4. NYSE:ENB (Enbridge Inc.)
5. NYSE:LSPD (Lightspeed Commerce)
6. NYSE:SHOP (Shopify Inc.)
7. NYSE:WPM (Wheaton Precious Metals Corp.)
8. TSX:ALA (AltaGas Ltd.)
9. TSX:ATS (Ats)
10. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
11. TSX:BMO (Bank Of Montreal)
12. TSX:BN (Brookfield)
13. TSX:CGX (Cineplex Inc.)
14. TSX:DND (Dye & Durham Limited)
15. TSX:ENB (Enbridge Inc.)
16. TSX:H (Hydro One Limited)
17. TSX:LSPD (Lightspeed Commerce)
18. TSX:SHOP (Shopify Inc.)
19. TSX:TRP (TC Energy Corporation)
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## Author

motley-fool-staff

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