



17 Top TSX Stock Picks for March 2021

Description

We asked our Foolish writers for their top ideas for March 2021 – here are their choices:

Ryan Vanzo: Brookfield Renewable Partners

My top stock for March is **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)). This stock continues to post impressive numbers, riding growth tailwinds that should last for decades.

Most people now understand that the transition to green energy is underway. What they may not appreciate is the scale of the opportunity. Over the next decade, \$10 trillion will be invested in renewable energy projects worldwide. Brookfield will be a primary benefactor.

Brookfield owns perhaps the most diverse renewable energy asset base of any public company. This stock gives you broad exposure to this giant growth market through a single investment.

Fool contributor Ryan Vanzo has no position in Brookfield Renewable Partners.

Amy Legate-Wolfe: Canopy Growth Corp.

A stock I'm keeping my eye on is **Canopy Growth Corp.** ([TSX:WEED](#))([NYSE:CGC](#)) this month. The company saw a massive rise in share price recently as the hope for decriminalization and eventual legalization in the United States continues. But now that the initial wave is over, I'm bullish to buy this stock.

Canopy Growth started the process of closing its plans of arrangement with several companies, owning a large stake in cannabis companies that have a large footprint in the United States. Not only is the company looking to become the largest distributor in the world, but it looks like it will become the largest distributor, producer, you name it in the largest market in the world: the U.S.

So after climbing 138% since the election, the stock is now down 34% since those highs. After a strong

earnings report, management predicts a CAGR of between 40-50% for the next three years! And the company believes profit is well within sight. So this month you can get a deal on shares before the climb begins again.

Fool contributor Amy Legate-Wolfe owns shares of Canopy Growth Corp.

Nicholas Dobroruka: TransAlta Renewables

My top pick for the month of March is the renewable energy company, **TransAlta Renewables** ([TSX:RNW](#)).

Renewable energy stocks were among the top-performing in 2020 and I'm not expecting that to change this year. Forget just looking at 2021, though, over the next 10 years, green energy is one of the sectors that I'm most bullish on.

Shares of TransAlta Renewables soared in 2020 by more than 30%. Over the past five years, shareholders are sitting on gains of 60%. In comparison, the Canadian market is up just 40%.

In addition to providing [market-beating growth](#) potential and broad exposure to the renewable energy sector, TransAlta Renewables also owns a dividend that you'd be hard-pressed to match. At today's share price, the company's annual dividend of \$0.94 per share is good enough for a yield of 4.5%.

You can find higher-growth **TSX** stocks in the green energy sector, but few can match the growth potential of TransAlta Renewables and yield a [dividend](#) above 4%.

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

Robin Brown: Constellation Software

Constellation Software ([TSX:CSU](#)) just came out with very solid 2020 results. Revenues, net income, and free cash flows increased over 2019 by 14%, 31%, and 68%, respectively. Despite challenges created by the pandemic, the stock still produced a free cash flow margin of 25%.

Its management team is getting more creative and aggressive on ways to accrete longer-term value for shareholders. This includes halting special dividends and focusing on larger acquisition targets. Likewise, its model for the Topicus.com spin-out could be replicated again as a means to create further shareholder value. This [top Canadian stock](#) is not cheap, but you have to pay up for Constellation's superior management platform. This a buy, tuck away, and hold forever stock.

Fool contributor [Robin Brown](#) owns shares of Constellation Software and Topicus.Com Inc.

Vineet Kulkarni: goeasy

Top consumer lender **goeasy** ([TSX:GSY](#)) stock has become all the more attractive after its recent Q4 results. Not only the company beat expectations, but it has issued upbeat guidance for the next three years. goeasy now sees 12% revenue growth on average and a striking return on equity of 25%

through 2023.

Re-openings after the pandemic will likely fuel demand for consumer loans. Goeasy has already started seeing some notable improvements in new loans and repayment patterns. In 2020, the company's adjusted net income [increased](#) by 47% year-over-year, continuing its robust earnings growth streak.

Interestingly, the stock looks undervalued when compared to this attractive growth. After a strong performance in 2020, the company increased its dividends by 47% for 2021. GSY stock will pay a dividend of \$2.64 per share this year, representing a yield of 2.2%.

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

Andrew Walker: Fortis

Fortis ([TSX:FTS](#)) ([NYSE:FTS](#)) appears cheap right now in an otherwise expensive market .

The utility company's share price is down due to concerns that rising treasury yields will lure away income investors.

Some weakness would be expected when interest rates start to increase. That's not likely to occur until at least 2023. Inflation remains under control and the rise in treasury yields only brings us back to pre-pandemic levels.

Fortis intends to raise the dividend by an average annual rate of 6% through 2025. This should help offset the negatives from the government bond market.

Investors currently get a 4% dividend yield with strong guidance on payout growth and a shot at decent upside in the stock price.

Fool contributor Andrew Walker owns shares of Fortis.

Ambrose O'Callaghan: Fortis

My top stock for March 2021 is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). I'm looking to dip back into this top utility holding company as volatility picks up in late February. Shares of Fortis managed to increase 0.71% on February 25 while the **S&P/TSX Composite Index** suffered a broad retreat. Investors on the hunt for stability in this uncertain market should seek to buy and hold Fortis.

Fortis stock had a favourable price-to-earnings ratio of 19 at the time of this writing. Shares of Fortis have dropped 13% year-over-year as growth has won out on the TSX. The stock last had an RSI of 29, putting it in technically oversold territory. Moreover, it offers a quarterly dividend of \$0.505 per share. Now is the perfect time to snag Fortis as volatility rears its head.

Fool contributor Ambrose O'Callaghan owns shares of Fortis Inc.

Kay Ng: Enghouse Systems

The recent correction of about 27% in Enghouse Systems ([TSX:ENGH](#)) stock is a once in a blue moon opportunity to buy shares in the growth stock.

What matters is the long-term performance of the business. The tech stock has certainly outperformed. Despite the substantial correction, the stock has delivered annualized returns of about 29% in the past decade (a nearly 13-bagger!) via acquisitions and organic growth.

Enghouse is [a diverse company](#) with a clean balance sheet. It also generates substantial cash flow and retains earnings to fund the growth of the business.

Moreover, Enghouse is a Canadian Dividend Aristocrat with a 10-year dividend growth rate of 21%. Currently, it's attractively valued for long-term investment. Therefore, Enghouse is my top pick for March.

Fool contributor Kay Ng owns shares of Enghouse Systems.

Karen Thomas: Cenovus Energy Inc.

My top stock pick this month is **Cenovus Energy Inc.** ([TSX:CVE](#))([NYSE:CVE](#)). Cenovus is the third largest Canadian oil and gas producer and the second largest Canadian-based refiner and upgrader. It has just completed the acquisition of Husky Energy. This is what has cemented Cenovus' place as a leader in the Canadian oil and gas industry.

This perfectly-timed acquisition has many advantages. For example, it was made at a time when energy stock valuations were at rock bottom levels. Also, today, only a few months later, the oil and gas sector is seeing something of a comeback. Cenovus Energy will benefit from these favourable industry dynamics. The company will also benefit from the significant synergies that will come about due to the acquisition.

Fool contributor Karen Thomas does not own shares of Cenovus Energy Inc.

Sneha Nahata: Dye & Durham

I am bullish on **Dye & Durham** ([TSX:DND](#)) and expect the stock to deliver impressive returns in March 2021 and beyond. Its large and diverse customer base, a high client retention ratio, and long-term contracts with top customers provide a solid base for growth.

Moreover, its ability to accelerate its growth through acquisitions positions it well to deliver strong revenues and adjusted EBITDA, which in turn, is likely to drive its stock higher. Dye & Durham expects its adjusted EBITDA to jump 116% in FY21. Moreover, it projects 150% growth in its adjusted EBITDA in FY22. Its solid underlying business, accretive acquisitions, and strong outlook strengthens my bullish view. Further, the recent pullback in its stock presents an excellent buying opportunity.

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

Cindy Dye: Dye & Durham Limited

After its impressive quarterly results, **Dye & Durham Limited** ([TSX:DND](#)) is my top stock pick for March.

The company, which provides cloud-based software and technology solutions for businesses primarily in the legal and business professions, increased both its revenues and adjusted EBITDA by 96% as compared to the same period last year.

Dye & Durham's management is bullish on the company's future, projecting its adjusted EBITDA to more than double in FY21 and grow over 150% in FY22. With its aggressive acquisition strategy and an upward trend for the company's earnings, Dye & Durham should continue to reward investors.

Cindy Dye has no position in any of the stocks mentioned.

Jitendra Parashar: National Bank of Canada

National Bank of Canada ([TSX:NA](#)) is my top pick for March. The bank reported its solid Q1 results on February 24. Its adjusted earnings rose by 26.5% YoY (year-over-year) to \$2.15 per share during the quarter — also beating Bay Street analysts' consensus estimate of \$1.71. Interestingly, the Montreal-based bank has been [crushing analysts' earnings expectations](#) for the last seven quarters in a row despite the COVID-19 woes. Stronger net interest income helped the National Bank of Canada post a YoY increase in its quarterly revenue. Its adjusted net profit margin also significantly expanded to 33.4% in the last quarter from 28.6% a year ago.

I'm not very optimistic about most other Canadian banks at the moment due to their pandemic-driven high credit risks. However, the National Bank of Canada's fast-improving performance across its loan portfolios and its resilient business mix make it stand out. The bank's ability to smoothly swim through tough times could help its stock yield solid returns in the long-term, I believe.

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

Jed Lloren: Topicus.com

My top stock for March is **Topicus.com** ([TSXV:TOI](#)). Recently spun out of **Constellation Software**, the company offers investors the opportunity to invest in a similar business at a much earlier stage of its life. The difference? Topicus.com focuses on the European tech space. Today, the company serves more than 100,000 customers in 40 vertical markets, while operating in 13 European countries.

Just like Constellation Software, Topicus.com will be a consolidator of businesses, completing mergers and acquisitions with companies that offer high-impact software solutions that address the needs of its customers. Disciplined capital allocation strategies will be essential for the company moving forward. Luckily, its board of directors features a very familiar face to many Canadian investors – Constellation

Software President, Mark Leonard. Topicus.com has an opportunity to become the next tech giant.

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

Rajiv Nanjapla: Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is my top pick for March. Amid rising global demand and supply disruptions, WTI oil prices have bounced back strongly to trade well above \$60 per barrel. Meanwhile, some industry experts are projecting oil prices to rise further. Given its integrated business model, Suncor Energy is well-positioned to benefit from the rising oil prices.

So far this year, the company's stock price has increased by around 20%. Meanwhile, I believe the upward momentum could continue, given rising oil prices and improving operating metrics. The company's management expects its production and refineries' utilization rate to go up this year, while its operating expenses could fall. Besides, Suncor Energy's valuation also looks attractive, with its forward price-to-sales and price-to-book multiples standing at 1.3 and 1.1, respectively.

Fool contributor Rajiv Nanjapla has no position in the companies mentioned.

Stephanie Bedard-Chateauneuf: HEXO

HEXO ([TSX:HEXO](#))([NYSE:HEXO](#)) is my top stock for March.

In February, HEXO announced it will acquire competitor **Zenabis Global** in a \$235 million deal, allowing the cannabis company to gain a foothold in Europe and strengthen its domestic activities. As part of the deal, HEXO will acquire two indoor growing facilities and have access to a greenhouse.

The combination should offer significant synergies and a more solid financial position with increased flexibility and position the combined company to meet growing consumer demand on a domestic and international basis.

The deal should translate into estimated annual savings of approximately \$20 million withing one year of the agreement being complete.

Fool contributor Stephanie Bedard-Chateauneuf has no position in any of the stocks mentioned.

Puja Tayal: Shopify

My top TSX stock pick for March is **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). After a bazooka earnings growth, the company will now taste some normalcy. Its normal is also a 40-50% revenue growth and 60-80% stock price growth. This month, the stock will see a correction as the holiday season sales fade and investors price in the seasonal weakness. This is a stock you want to own at a dip because it will return to growth in the second quarter and make a new high by December.

Even if Shopify stock sees a tepid growth in 2021, it will grow when the economy recovers and consumer spending surges. After all, Shopify is swayed by factors that affect retail sales.

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

Demetris Afxentiou: Enbridge

Energy Infrastructure behemoth **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) is my pick for this month. Enbridge has its large tentacles in everything from a growing renewable energy portfolio to a lucrative pipeline business. That level of diversification is a key element that is often missed when evaluating the stock.

Enbridge's lucrative pipeline business provides a reliable and defensive revenue stream that is not disappearing anytime soon. Revenue from that segment is also immune to the volatile nature of oil prices which is a huge defensive plus. Throw in the fact that Enbridge's pipeline hauls 65% of all Canadian production destined for the U.S. market and you have a compelling case for long-term investors.

If that's not reason enough to consider the stock, then prospective investors can take solace in the juicy 7.56% yield on offer and the discounted rate the stock still trades at.

Fool contributor Demetris Afxentiou owns shares of Enbridge.

Brian Paradza: Kinaxis Inc.

Kinaxis ([TSX:KXS](#)) is one supply chain management solutions provider that continued to grow sales during a global pandemic in 2020. It operates an international, cloud-based business that enjoys 100% client retention rates and an average +20% compound annual growth rate in sales, solid profit margins, consistently growing free cash flows and zero long-term debt.

The company continued to win new customers onto its AI powered RapidResponse platform during the fourth quarter of last year. Given its new revenue recognition model, the company's earnings release on March 4, 2021 could outperform expectations and significantly move the stock out of a correction trough.

Further, customers who halted purchase decisions during the pandemic could be getting ready to resume talks now. Management's earnings guidance for 2021 could be very interesting.

Fool contributor Brian Paradza has no position in the stock mentioned.

Daniel Da Costa: Freehold Royalties

My top stock recommendation for March is **Freehold Royalties Ltd** ([TSX:FRU](#)). Freehold is one of the top energy stocks in Canada. It's a lower-risk energy stock that's perfect for dividend investors, plus it offers considerable capital gains potential.

With the end of the pandemic now in sight, energy stocks have been rallying significantly. Freehold itself has gained more than 100% since its low in October. Despite that impressive recovery, the stock is still well undervalued.

With the recent momentum in energy stocks, though, that discount won't last forever. So I'd consider taking a position soon, while it's still this cheap.

Fool contributor Daniel Da Costa owns shares of FREEHOLD ROYALTIES LTD.

CATEGORY

1. Investing
2. Top TSX Stocks

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. NASDAQ:HEXO (HEXO Corp.)
3. NYSE:BEP (Brookfield Renewable Partners L.P.)
4. NYSE:CVE (Cenovus Energy Inc.)
5. NYSE:ENB (Enbridge Inc.)
6. NYSE:FTS (Fortis Inc.)
7. NYSE:SHOP (Shopify Inc.)
8. NYSE:SU (Suncor Energy Inc.)
9. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
10. TSX:CSU (Constellation Software Inc.)
11. TSX:CVE (Cenovus Energy Inc.)
12. TSX:DND (Dye & Durham Limited)
13. TSX:ENB (Enbridge Inc.)
14. TSX:ENGH (Enghouse Systems Ltd.)
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16. TSX:FTS (Fortis Inc.)
17. TSX:GSY (goeasy Ltd.)
18. TSX:HEXO (HEXO Corp.)
19. TSX:KXS (Kinaxis Inc.)
20. TSX:NA (National Bank of Canada)
21. TSX:SHOP (Shopify Inc.)
22. TSX:SU (Suncor Energy Inc.)
23. TSX:WEED (Canopy Growth)
24. TSXV:TOI (Topicus.Com Inc.)

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