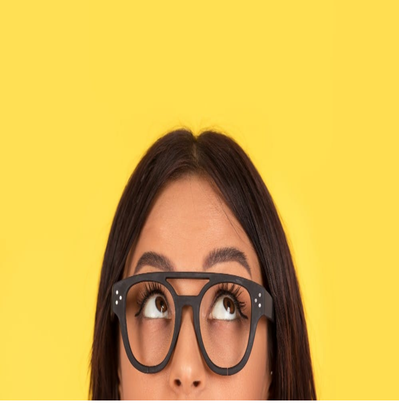

17 Top TSX Stock Picks for May 2021

Description

Amy Legate-Wolfe: Algonquin Power & Utilities

Everyone continues to search for value and growth on the TSX today, but they keep missing **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN). This stable company is the perfect purchase for those seeking secure shares and dividend growth for decades to come. But it's also for those seeking a boost in the next decade or so, as the world shifts to clean energy.

The stability comes from utilities, the growth comes from Algonquin's renewable energy assets. As the company continues to acquire more and receive global investment, investors should see even more stable share growth. And it's been strong in the past already. Shares are up 531% in the last decade — a compound annual growth rate (CAGR) of 20.22%! Meanwhile, the 3.8% dividend yield has grown by a CAGR of 28%. Yet the stock is a bargain at current valuations. So, of any stock, this is perfect for any portfolio seeking immediate and long-term growth.

Fool contributor Amy Legate-Wolfe has no position in any of the stocks mentioned.

Chris MacDonald: Spin Master

My top stock for May is **Spin Master** (TSX:TOY). This stock is one that has provided growth investors with a tremendous track record of late, and one I think has legs to continue for some time.

Most investors know about the company's core toy business. It's still a purveyor of popular children's banners, including Paw Patrol, Hatchimals, and Air Hogs. However, the company's digital gaming growth of late has been out of this world, as its Toca Life World app has gained a lot of attention among the company's target market.

I anticipate Spin Master will continue to outperform over the medium term, particularly as discretionary spending skyrockets coming out of this pandemic. For those looking to get ahead of the curve, this is a great pick today.

Fool contributor Chris MacDonald has no position in any of the stocks mentioned.

Kay Ng: Cargojet

Cargojet (TSX:CJT) is my top pick this month. With a monopoly in providing time-sensitive overnight air cargo services in Canada, it has enjoyed tremendous revenue growth of 37% last year during the pandemic.

Despite delivering total returns of about 36% per year in the past 10 years, the growth stock is still relatively small with a market cap of just north of $3 billion.

Moreover, it will continue to benefit from the e-commerce trend as well as international expansion potential.

The growth stock's meaningful correction of about 28% from its recent high could be an incredible long-term buying opportunity!

Fool contributor Kay Ng owns shares of Cargojet.

Nicholas Dobroruka: goeasy

My top pick for the month of May is the consumer-facing financial services company **goeasy** (TSX:GSY).

Canadian investors won't find many better priced growth stocks than goeasy. Shares are up a market-crushing 50% year to date and more than 600% over the past five years. Even with that type of growth, shares are still very reasonably priced at a forward price-to-earnings ratio below 15.

goeasy stock has been riding an incredibly strong bull run over the past 12 months. I've still got the growth stock at the top of my watch list, though, because I think there's a good chance we see the bull run continue through the rest of the year.

The company's financial services products are directed towards consumers, focusing primarily on personal, home, and auto loans. All of which could see a rise in demand in the second half of 2021, as social-distancing restrictions begin easing across the country.

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

Robin Brown: Intertape Polymer Group

Intertape Polymer Group (TSX:ITP) is a play on e-commerce as well as a cyclical recovery in the economy. It manufactures and distributes tapes, packaging, and protective films. This company has been investing heavily to expand its manufacturing capacity and product lines. In 2020, it paid off when e-commerce demand for specialty tapes and packaging skyrocketed. Intertape had one of its best years on record, both in terms of revenue and earnings.

Today, the company is now producing very attractive margins and ample free cash flow. It has lots of organic growth prospects and should also benefit as global economies eventually normalize. This value stock pays a nice 2.7% yield, but I think the growth story is the best part of this investment.

Fool contributor Robin Brown has no position in any of the stocks mentioned.

Andrew Walker: Canadian National Railway

Canadian National Railway (TSX:CNR)(NYSE:CNI) recently offered a huge premium to **CP Rail's** deal to buy **Kansas City Southern**, a U.S. rail operator with lines that connect to Mexico.

Investors dumped CN stock on the news, fearing the company might overpay in a bidding war. Analysts widely think CN won't get regulatory approval for the deal. Time will tell, but the battle with CP could put added pressure on the share price.

The sell-off in CN stock should be viewed as a good entry point for buy-and-hold investors.

CN is a profit machine, and the global economic rebound anticipated in the next few years bodes well for the company and its shareholders, regardless of how the takeover bid pans out.

Fool contributor Andrew Walker owns shares of Canadian National Railway.

Karen Thomas: Kirkland Lake Gold

Kirkland Lake Gold (TSX:KL)(NYSE:KL) is a $13 billion gold company that has a track record of operational excellence and strong cash flow generation. The stock has fallen from its 2020 highs, as gold prices have levelled off from 2020 highs, yet the company continues to post strong results.

At this point, the stock represents a good buying opportunity for a couple of reasons. First, I think the macro environment is shaping up to be very bullish for gold prices. For example, the third wave is creating more and more uncertainty and fear, causing investors to flock to the safe-haven qualities of gold. Second, an unprecedented amount of global stimulus will likely give rise to inflation sooner or later, and this is also positive for gold prices.

Fool contributor Karen Thomas has no position in any of the stocks mentioned.

Ryan Vanzo: Shopify

My top stock for May is **Shopify** (TSX:SHOP)(NYSE:SHOP). Many investors are scared by the nosebleed valuation, but once you understand the potential, you'll realize the premium is worth it.

If **Amazon** is the digital **Walmart**, Shopify is the digital version of an independent store. There's plenty of room for both of these markets, and one dominating its niche doesn't preclude the other from dominating its segment.

How much upside is there? Amazon is valued nearly 20 times higher than Shopify. That's reasonable given the current revenue gap, but over time, the difference should narrow. Shopify is a winner-takes-all business. You just need to remain patient.

Fool contributor Ryan Vanzo has no position in any of the stocks mentioned.

Andrew Button: Toronto-Dominion Bank

My top stock for May is **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD).

Canadian banks have been doing well this year, and TD Bank is among the banks with the most room to grow. That's mainly because of its extensive U.S. operations. U.S. banking generally got hit harder than Canadian banking in the pandemic. For example, **Bank of America** posted a 10% decline in revenue and a 21% decline in net income in its most recent quarter. Most Canadian banks were posting positive year-over-year growth in the closest comparable quarter.

Why is this a positive for TD Bank?

Because it means that TD's U.S. operations have a lot of room to grow. Like U.S. banks, TD's U.S. retail operations still haven't fully walked off the effects of COVID-19. In the first quarter, TD's U.S. retail earnings were down 13%, while its overall earnings grew 10%. This segment of TD's business still has its COVID-19 recovery bounce to look forward to. And with U.S. mortgage rates rising and **Charles Schwab** set to bring in $223 million, that could produce a big boost on May 27, when TD releases Q2 earnings.

Fool contributor Andrew Button owns shares in The Toronto-Dominion Bank.

Stephanie Bedard-Chateauneuf: Village Farms International

Village Farms International (TSX:VFF)(NASDAQ:VFF), a Canadian cannabis producer, is my top stock for May.

Village Farms shares have plunged by about more than 10% year to date. With a P/S ratio of about seven, it looks like a good deal compared to bigger pot stocks like **Canopy Growth**, which is trading at about 25 times its sales.

What makes Village Farms a great buy is its ownership of Pure Sunfarms. The low-cost greenhouse will improve Village Farms's finances, both in terms of top and bottom line. There could be a lot more growth going on, as Pure Sunfarms has just started rolling out vapes, cannabis gummies, and other products.

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

Sneha Nahata: Scotiabank

I am bullish on **Scotiabank** (TSX:BNS)(NYSE:BNS). I believe the economic expansion, recovery in consumer demand, and decline in credit provisions provide a solid underpinning for future growth. Scotiabank's exposure to the high-growth banking markets, diversified revenue streams, and higher loans and deposit volumes strengthen my bullish view. Moreover, a sharp sequential decline in provisions for credit losses and expense management are likely to drive its earnings and, in turn, its dividends.

Scotiabank is trading cheaper than its peers. Its price-to-book value multiple of 1.4 compares favourably to its peer group average and reflects a discount of about 24%. Improving operating environment, lower valuation, solid earnings, and continued dividend growth make it a top stock at the current price levels.

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

Vineet Kulkarni: Algonquin Power & Utilities

Algonquin Power & Utilities (TSX:AQN)(NYSE:AQN) is a classic defensive stock for an all-weather portfolio. It pays stable dividends and yields 3.8% at the moment.

Algonquin offers higher growth prospects, which is rare for a utility stock, mainly due to its large renewable operations. It operates 3GW of renewable capacity, one of the largest in the country.

Algonquin intends to invest US$9.4 billion in capital projects in the next five years. It will likely continue to increase dividends for the next several years. Utilities like Algonquin generate a large chunk of earnings from regulated operations, which facilitates dividend visibility. A stable, dividend-paying stock during the uncertain economic recovery would come in very handy.

AQN has returned 560% in the last decade, notably beating peer utility stocks.

Fool contributor Vineet Kulkarni has no position in any of the stocks mentioned.

Rajiv Nanjapla: Savaria

I have picked **Savaria** (TSX:SIS), which produces and manufactures accessibility solutions, as my top pick for May. The company has outperformed the broader equity markets this year by delivering returns of over 26%. Meanwhile, I believe the uptrend will continue, given the rising demand for its services amid an aging population and synergies from the acquisition of Handicare Group.

Handicare sells its products in over 40 countries and has production facilities in Europe, Asia, and the United States. The acquisition could improve product innovation, efficiency, and cross-selling opportunities for Savaria, along with expanding its geographical footprint and distribution network. Investors can also benefit from its monthly dividends of $0.04 per share.

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

Jed Lloren: Goodfood Market

My top stock for May is **Goodfood Market** (TSX:FOOD). Because of the pandemic, consumers turned to online grocery providers, as stay-at-home orders and retail restrictions were put into effect. After reaching its bottom last March, Goodfood stock went on to climb more than 600%! However, today, the stock trades more than 44% from its recent highs. While some investors may see that as a point of concern, it should be taken as an excellent buying opportunity.

One key validator of Goodfood's potential is the fact that larger companies like **Uber** are getting into the grocery delivery space. Recently, Uber has been making a large push to penetrate the grocery market in Canada; however, the company has yet to reap the rewards of its efforts. In contrast, Goodfood Market has firmly placed itself in a top five position with more than 1.4 million monthly website visits. With this lead over its competitors, Goodfood should be a force in its industry for years to come.

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

Daniel Da Costa: AcuityAds Holdings

My top recommendation for May is **AcuityAds Holdings** (TSX:AT). AcuityAds is a high-potential AdTech stock that's been beaten up lately and now looks incredibly cheap.

AdTech is a subsector of the technology industry with significant long-term potential. And AcuityAds has been growing its sales rapidly lately, which is starting to catch the attention of investors.

The four analysts who cover the stock are noticeably bullish. All rate it a buy, and the average target price is $29.50. There's no telling when AcuityAds may rally, but it won't stay cheap for long. So, considering its incredible long-term growth potential, it's my top stock recommendation for May.

Fool contributor Daniel Da Costa owns shares of AcuityAds Holdings Inc.

Puja Tayal: Magna International

My top TSX stock pick for May is **Magna International** (TSX:MG)(NYSE:MGA), the world's third-largest auto component supplier and third-party auto manufacturer. The company is in a long-term growth cycle, as the automotive industry moves to electric vehicles (EV). Magna has factories in the world's top automotive markets (China, Europe, and the United States). Governments in these markets are investing in EV infrastructure, driving EV demand.

Magna is benefitting, as it manufactures EVs and supply components to various automakers and tech companies. The EV momentum is driving Magna's stock to new highs. Buy the stock before it becomes expensive.

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

Ambrose O'Callaghan: Score Media and Gaming

My top stock for May 2021 is **Score Media** (TSX:SCR)(NASDAQ:SCR). The Toronto-based company produces sports media content and runs a betting app. Its theScore app is one of the most popular sports information applications in use by Canadians. This company is well positioned to benefit, as Canada is on the verge of legalizing single-game sports betting. It has also spread its app to four U.S. states.

Bill C-218, known as the Safe and Regulated Sports Betting Act, just passed through the House of Commons. It is now set for a reading in the Senate, paving the way for the removal of the federal ban on single-game sports betting. Shares of Score Media have dipped 34% month over month as of mid-afternoon trading on April 28. It last had an RSI of 33, putting it just outside technically oversold territory.

Now is a great time to buy the dip in Score Media stock.

Fool contributor Ambrose O'Callaghan has no position in the companies mentioned.

CATEGORY

1. Investing
2. Top TSX Stocks

TICKERS GLOBAL

1. NASDAQ:SCOR (comScore, Inc.)
2. NASDAQ:VFF (Village Farms International, Inc.)
3. NYSE:AQN (Algonquin Power & Utilities Corp.)
4. NYSE:BNS (The Bank of Nova Scotia)
5. NYSE:CNI (Canadian National Railway Company)
6. NYSE:MGA (Magna International Inc.)
7. NYSE:SHOP (Shopify Inc.)
8. NYSE:TD (The Toronto-Dominion Bank)
9. TSX:AQN (Algonquin Power & Utilities Corp.)
10. TSX:BNS (Bank Of Nova Scotia)
11. TSX:CJT (Cargojet Inc.)
12. TSX:CNR (Canadian National Railway Company)
13. TSX:FOOD (Goodfood Market)
14. TSX:GSY (goeasy Ltd.)
15. TSX:ILLM (AcuityAds)
16. TSX:ITP (Intertape Polymer Group)
17. TSX:MG (Magna International Inc.)
18. TSX:SHOP (Shopify Inc.)
19. TSX:SIS (Savaria Corporation)
20. TSX:TD (The Toronto-Dominion Bank)

21. TSX:TOY (Spin Master)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing
2. Top TSX Stocks

Date
2025/08/12
Date Created
2021/05/01
Author
motley-fool-staff