



13 Top TSX Stock Picks for June 2021

Description

Chris MacDonald: Algonquin Power & Utilities

My top stock for May is **Algonquin Power & Utilities** ([TSX:AQN](#))([NYSE:AQN](#)). This utilities player has seen selling pressure in recent weeks amid otherwise bullish market conditions. With rates remaining low, bond proxies like Algonquin are poised for another leg up.

Algonquin's value comes via its core regulated utilities business alongside a growing renewables business. Combined, this is one of the most defensive long-term income picks on the TSX.

For those with a sufficient holding period, this stock should be on the top of the watch list today. With a yield of 4.5% and very solid growth prospects, this stock is set to outperform in June and beyond.

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

Sneha Nahata: Lightspeed

I am optimistic about **Lightspeed's** ([TSX:LSPD](#))([NYSE:LSPD](#)) prospects, and there are good reasons for that. The commerce-enabling company is firing on all cylinders, as reflected through the stellar growth in its revenues and customer base. Meanwhile, its stellar 2021 revenue outlook further strengthens my bullish view.

I believe its subscription and transaction-based revenues could continue to grow at a breakneck pace, reflecting solid growth in payments volumes. Furthermore, its growing customer base, up-selling opportunities, and increased adoption of its multiple modules by the existing customers will likely accelerate its growth and drive its average revenue per user. Also, Lightspeed's solid capital-allocation strategy and recent acquisitions bode well for future growth.

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

Robin Brown: Pembina Pipeline

Given the strength in cyclical [value stocks](#) this year, **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)) is my top stock for June. Its recent first-quarter results were just okay. However, the second half of 2021 looks really good. Right now, the company is operating at or near take-or-pay contract levels in its pipelines and midstream operations.

The company spent 2020 reducing costs and unlocking excess volume capacity. Now, with energy demand fairly strong, it can increase energy volumes at very little capital expense. As a result, it is levered to grow adjusted EBITDA beyond even its 2021 guidance. The stock pays a great 6.5% dividend, so investors get paid plentifully to wait.

Fool contributor Robin Brown owns shares of Pembina Pipeline.

Amy Legate-Wolfe: WELL Health Technologies

Tech stocks continue to trade on the low side with the economy in pandemic recovery. That includes **WELL Health Technologies** ([TSX:WELL](#)), which remains a steal at the current share price. WELL Health stock and its virtual healthcare program continues to expand through acquisition. That includes the United States, where the company made a \$23 million investment to expand its business. Revenue continues to reach record-setting levels, with its recent earnings report seeing an increase of 150% year over year.

And even though shares have grown 150% in the last year and about 1,200% in the last three years, the stock is still a bargain. The company is set to expand, as the world continues to latch onto these safer, cheaper, and more efficient ways of practicing every type of medicine. Shares are down about 30% as of writing from all-time highs.

When tech stocks recover — and they will — investors would do well to pick up WELL Health stock as a long-term hold and see massive returns in the next few years.

Fool contributor Amy Legate-Wolfe owns shares of WELL Health Technologies.

Kay Ng: Fronsac REIT

Fronsac REIT (TSXV:FRO.UN) has everything I want: quality, yield, dividend growth, and growth. Oh, and it's trading at a reasonable valuation. Therefore, it's my top pick this month.

The small-cap, diversified REIT runs on a defensive business model that focuses on triple-net and management-free leases, leading to a reliable cash flow. Rent collection was 100% in the last quarter.

In May, Fronsac reported strong quarterly results that were lifted by recent acquisitions and developments. Net operating income rose 49%, funds from operations (FFO) per share climbed 27%, and its cash distribution is 17% higher year over year. The FFO payout ratio was approximately 54%, which is quite low.

Fool contributor Kay Ng owns shares of Fronsac REIT.

Nicholas Dobroruka: Brookfield Renewable

My top pick for the month of June is renewable energy company **Brookfield Renewable** ([TSX:BEP.UN](#))([NYSE:BEP](#)). It's not the first time I've had this energy stock as my top pick for the month, and it won't be the last.

After a strong performance in 2020, Canadian investors have witnessed a [steep sell-off](#) across many top renewable energy stocks in recent months. As a long-term investor, this is one pullback that I'll gladly take advantage of.

Year to date, shares of Brookfield Renewable are down nearly 15%. In comparison, the broader Canadian market is now up more than 10% since the beginning of 2021. Even with the recent selloff, though, shares of the \$13 billion company are up a market-crushing 130% over the past five years.

If you're bullish on the growth of [renewable energy](#), there aren't many stocks I'd recommend before Brookfield Renewable.

Fool contributor Nicholas Dobroruka owns shares of Brookfield Renewable Partners.

Jed Lloren: Shopify

My top stock for June is **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). This company enables merchants of all sizes to operate online storefronts. Moving away from the usual analysis for a moment, one of the biggest validations of this company's potential is its penetration into my everyday life. I'm not personally an owner of a Shopify store; however, many of the people I know have become Shopify users over the past year. I assume the same could be said for many Canadians.

Coming back to a more traditional analysis, Shopify has been a beast over its history. As of April 2021, the company held the second-largest market share of the American online retail space, only trailing **Amazon**. Its Q1 2021 revenue saw a year-over-year increase of 110%, suggesting continued strength as we exit the pandemic. Shopify is an impressive company, but its best days are yet to come.

Fool contributor Jed Lloren owns shares of Shopify.

Stephanie Bedard-Chateauneuf: ATS Automation Tooling Systems

ATS Automation Tooling Systems (TSX:ATA), a provider of automation solutions for businesses, is

my top stock for June.

ATS set both top-line and bottom-line records in its fourth quarter. Revenue increased 4.7% year over year to \$399.9 million. Meanwhile, adjusted EPS was \$0.34 per share compared to \$0.26 per share for the fourth quarter of 2020. Analysts were forecasting EPS of \$0.30 per share.

ATS's order bookings grew 30% to \$463 million, while order backlog increased 23% to \$1,160 million.

ATS has acquired the global food and beverage equipment market provider CFT as well as laboratory automation and fluid distribution equipment supplier BioDot. Those acquisitions pave the way for future growth.

For fiscal 2022, analysts expect ATS to report revenue growth of 33.7% and EPS growth of 37.5%.

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

Karen Thomas: Cineplex

The outlook for **Cineplex** ([TSX:CGX](#)) has improved dramatically recently. After being forced to shut down and/or operate at reduced capacity since the beginning of the pandemic, a new beginning is almost here. In fact, Canada is rapidly expanding vaccination efforts, and COVID-19 cases are plummeting.

As Canada's premier destination for entertainment and movies, Cineplex stands to win big in 2021. In 2019, Cineplex generated cash flow of over \$300 million, and its stock price was trading well over \$30. How high Cineplex stock could go once things reopen remains to be seen. But we at least know that people are probably tired of being home so much. Cineplex offers a fun destination after a long period of being stuck at home.

Fool contributor Karen Thomas owns shares of Cineplex.

Andrew Button: Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is my top stock for June. Shopify is fresh off its four best quarters ever. In every single one of them, it grew revenue by more than 90%. In the most recent quarter, it grew by a [whopping 110% year over year](#). Also in that quarter, the company posted positive profits — both in GAAP and adjusted terms. Despite all this great news, SHOP was up only 5.5% for the year and down 21% from its all-time-high at the time of this writing. When you've got a company posting only good news while its stock price tanks, it can be a good idea to buy the dip. Of course, SHOP does face some risk of revenue deceleration when the pandemic is over — it's certainly not a guaranteed play — but it does have promise.

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

Andrew Walker: TC Energy

TC Energy ([TSX:TRP](#))([NYSE:TRP](#)) is a major player in the North American energy infrastructure industry with assets located in Canada, the United States, and Mexico.

The company's natural gas transmission and power-generation businesses have performed well over the past 12 months. Looking ahead, TC Energy's \$20 billion secured capital program should deliver steady revenue growth through 2024.

Natural gas produces less carbon dioxide than coal and oil when burned and is viewed by many countries as a key stepping stone in the transition to full renewable power production in the coming decades.

The stock still trades at a large discount to its pre-pandemic price and provides a solid 5.5% dividend yield.

Fool contributor Andrew Walker owns shares TC Energy.

Vineet Kulkarni: Nuvei

Canada's top fintech player **Nuvei** ([TSX:NVEI](#)) is my pick for June 2021. Its solid quarterly performance and upbeat guidance for 2021 will likely keep on pushing the stock higher.

Nuvei provides a single integrated payment platform to multiple currencies and geographies. Along with payment gateway services, the company also offers payment platforms for sports betting and the cryptocurrency world.

It recently [announced](#) acquisitions of Mazooma, a payment technology provider for sports betting, and Simplex, a payment platform for cryptos. Nuvei could see accelerated revenue growth once it completes these transactions.

NVEI stock is up almost 25% so far this year. Its strong revenue growth, healthy margins, and large addressable market make it a top growth stock to buy.

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

Aditya Raghunath: WELL Health

WELL Health Technologies ([TSX:WELL](#)) is one of the top growth stocks on the TSX that has already created massive wealth for investors. The stock is up 6,890% since its IPO but is also trading 24% below all-time highs. WELL Health is a company that has grown via accretive acquisitions; it recently acquired CRH Medical for US\$373 million.

This acquisition will allow WELL Health to increase its revenue by 367.5% to \$234.89 million in 2021 and by 40.4% to \$329.71 million in 2022. The stellar top-line growth will also help WELL to improve its bottom line from a loss of \$0.03 per share in 2020 to earnings of \$0.08 per share in 2022.

Bay Street has a 12-month average price target of \$11.35 for WELL stock, which is 62% above its

current trading price.

Fool contributor Aditya Raghunath has no position in any of the stocks mentioned.

CATEGORY

1. Investing
2. Top TSX Stocks

TICKERS GLOBAL

1. NASDAQ:AMZN (Amazon.com Inc.)
2. NYSE:AQN (Algonquin Power & Utilities Corp.)
3. NYSE:BEP (Brookfield Renewable Partners L.P.)
4. NYSE:LSPD (Lightspeed Commerce)
5. NYSE:PBA (Pembina Pipeline Corporation)
6. NYSE:SHOP (Shopify Inc.)
7. NYSE:TRP (Tc Energy)
8. TSX:AQN (Algonquin Power & Utilities Corp.)
9. TSX:ATS (Ats)
10. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
11. TSX:CGX (Cineplex Inc.)
12. TSX:LSPD (Lightspeed Commerce)
13. TSX:NVEI (Nuvei Corporation)
14. TSX:PPL (Pembina Pipeline Corporation)
15. TSX:SHOP (Shopify Inc.)
16. TSX:TRP (TC Energy Corporation)
17. TSX:WELL (WELL Health Technologies Corp.)
18. TSXV:NET.UN (Canadian Net Real Estate Investment Trust)

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