



The 4 Best Canadian Stocks to Buy in August 2021

Description

July has been a very strong month for Canadian stocks in 2021. In fact, just yesterday the **TSX Index** hit a new high. It peaked at 20,363 points. Today, it is harder to find stocks that are [“cheap,”](#) but investors can still do very well if they buy high-quality businesses and own them for the long term. Here are four Canadian stocks that could create a well-rounded portfolio as we enter August.

Canadian dividend stock

First, let's start with a solid Canadian dividend stock. **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is not only one of the biggest retail banks in Canada; it also has a huge presence in the U.S.

In total, it operates 2,226 branches across North America. Given its heavy exposure to personal, small business, and commercial banking, TD is very likely to benefit from a strong economic recovery out of the pandemic. Likewise, rising interest rates would certainly bolster loan margins.

Some investors question how much Canadian banks can grow from here. Yet, TD's U.S. presence could open up opportunities to perhaps acquire some smaller regional banks. The stock has recently pulled back. Today, it pays a decent 3.8% dividend. Investors can expect that to rise once regulators release its capital reserves.

A top value stock

It is hard to consider a Canadian railroad stock as a value stock, because they are consistently expensive. Yet today, **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) is starting to look fairly attractive.

Certainly, its attempt to acquire **Kansas City Southern** is not a cheap endeavour. Yet this acquisition would make it the only railroad to stretch across Mexico, the U.S., and Canada. If the deal doesn't work out, CN will have to pay a significant break-fee.

However, that fee is not even comparable with the market capitalization CN lost when it announced the deal. Regardless, CN has an enviable rail network across Canada and the United States. As the economy recovers, it should continue to [enjoy stable earnings and volume growth](#) through the year.

A Canadian GAARP stock

Calian Group ([TSX:CGY](#)) still continues to be a top growth-at-a-reasonable price (GAARP) stock to own. This Canadian stock had a very strong year in 2020. However, its stock has pulled back since the start of the year.

While this is not a pure-play technology business, it provides unique institutional-grade solutions in satcom, online learning, IT/cybersecurity, and healthcare. Its top client is the Canadian military. Nonetheless, it has been making strong strides to diversify its geographic and customer exposure.

This Canadian stock pays a 1.82% dividend and only trades with a forward price-to-earnings ratio of 17 times. This is far below peers. There is significant upside for this stock, as Calian proves out its organic and acquisition growth strategy.

A top non-tech growth stock

Aritzia ([TSX:ATZ](#)) may not be the typical tech-focused growth stock. However, this Canadian retail stock can certainly owe its strong recovery out of the pandemic lockdowns due to technology.

Although Aritzia is a women's clothing retailer, it has been rapidly expanding its omni-channel sales over the past few years. Today, e-commerce now makes almost half of its entire sales. In fact, last quarter, that segment actually grew 88% year over year.

Aritzia has a strong presence in Canada, but it only has 35 stores in the United States. The American market is more than 10 times that of Canada, so Aritzia still has large market to saturate there.

This stock should continue to benefit from "pandemic revenge spending" for the remainder of the year. Certainly, Aritzia stock is not cheap right now. However, it has a superior operational platform with a top quality management team. That makes it one of [my top growth stock picks](#) for the long term.

CATEGORY

1. Investing
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TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:ATZ (Aritzia Inc.)
4. TSX:CGY (Calian Group Ltd.)
5. TSX:CNR (Canadian National Railway Company)
6. TSX:TD (The Toronto-Dominion Bank)

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