



14 Top TSX Stock Picks for August 2021

Description

We asked our Foolish writers for their top ideas for August. Here are their picks:

Nikhil Kumar: Fairfax Financial

Fairfax Financial ([TSX:FFH](#)) has an incredible long-term track record. Since Fairfax incorporated in 1985, the company's book value per share has compounded at 18.8% annually, while the stock price has compounded at 16.1% annually. Because of cash and marketable securities of about \$1 billion, no debt maturities for the next three years, unused credit lines of \$2 billion, and well-capitalized insurance subsidiaries and major non-insurance subsidiaries, Fairfax easily absorbed the effects of the COVID-19 pandemic and thrived.

Shareholders of Fairfax benefit from four sources of income. This includes underwriting income, interest and dividend income, income from Fairfax's non-insurance businesses, and capital gains. The company is focused on using free cash flow in excess of what it needs for business operations to buy back stock. This should lead to a higher stock price over the long term.

Fool contributor Nikhil Kumar has no position in any of the stocks mentioned.

Chris MacDonald: Alimentation Couche-Tard

My top stock for August is **Alimentation Couche-Tard** (TSX:ATD.B). This top Canadian purveyor of gas stations and convenience stores is also one of the largest global players in this domain.

Couche-Tard's value right now is immense. The company trades at around 16-times earnings, despite showing strong cash flow growth. As the pandemic reopening picks up steam, I expect to see capital appreciation follow multiple expansion with this stock.

As we head into the coming earnings, August should be a great month to pick up shares of this top Canadian value stock. This is a stock with excellent momentum today, and I think this momentum

could continue through the end of the month.

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

Stephanie Bedard-Chateauneuf: AcuityAd Holdings

AcuityAds Holdings (TSX:AT)(NASDAQ:ATY) is my top TSX stock for August.

This company uses its proprietary technology to help advertisers improve their marketing campaigns and has built an ecosystem of partners. With real-time analytics and data-driven insights, advertisers continuously get the most important information and tools to improve their campaigns.

This is still an early technology, but it presents a huge growth potential in the years to come.

While most Canadian tech stocks have already rallied strongly, AcuityAds Holdings is still trading at a low price, giving it enormous upside potential.

The stock has a strong buy rating by analysts, and its consensus target price is nearly 100% above its current price. Revenue is expected to increase by 27.6% to \$133.8 million for the current fiscal year, while earnings per share are expected to grow by 128.6% to \$0.16.

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

Nicholas Dobroruka: Docebo

My top stock for the month of August is **Docebo** ([TSX:DCBO](#))([NASDAQ:DCBO](#)).

Docebo only became a public company in October 2019, but it has done a lot to impress [Canadian investors](#) since then. Shares are up a market-crushing 500% since it joined the TSX, with most of its gains coming in 2020 during the worst of the pandemic.

The number of employees around the globe that began working remotely last year skyrocketed. The pandemic forced many shared office spaces to temporarily close their doors, as employees set up home offices for an indefinite amount of time. The rise of remote work led to a dramatic increase in demand for Docebo's learning platforms.

The company's AI-powered platforms are designed to enhance and personalize the learning experience for its users. Revenue was already growing at a steady rate prior to 2020, but the pandemic really emphasized the importance of Docebo's learning platforms.

At a price-to-sales ratio above 30, Docebo stock is far from cheap. But if you're bullish on the long-term trend of a rise in remote work, this is one [tech stock](#) that's worth paying a premium for.

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

Vineet Kulkarni: BRP

My top stock for August 2021 is reopening play **BRP** ([TSX:DOO](#))([NASDAQ:DOOO](#)). It's a powersports vehicle manufacturer that could see remarkable growth once pandemic-related restrictions wane. The company makes popular brands like Lynx and Ski-Doo and operates in more than 120 countries.

What's interesting to note is that the company has already started seeing increased demand for its products from the last few quarters. The management [expects](#) the trend to continue and forecasts its net income to double in the fiscal year 2022.

In addition, the stock has fallen almost 20% from its all-time highs since April and looks undervalued at the moment. So, this could be an opportunity for long-term investors for superior growth.

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

Amy Legate-Wolfe: Aecon Group

As Canadian investors continue to search for post-pandemic growth stocks, infrastructure and construction are set to soar. As restrictions relax, more projects are coming the way of infrastructure companies like **Aecon Group** ([TSX:ARE](#)).

Aecon Group recently reported an adjusted EBITDA of \$61 million, beating analyst expectations by 15%. This comes from its current project growth and acquisitions. But Aecon also has a \$6 billion backlog of projects from the pandemic. For 2021 alone, the company estimates it could bring in \$4 billion of annual revenue, excluding any more projects or acquisitions.

Shares are up 44% in the last year, and you can pick up this cheap stock at a P/E ratio of just 13.21 with a 3.5% dividend yield to boot!

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

Jed Lloren: Shopify

My top stock for August is **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). The company provides merchants with a platform and all the tools necessary to operate online stores. As e-commerce continues to penetrate the global retail industry, Shopify should become an even more prominent company. On July 28, Shopify held its Q2 2021 earnings presentation. The company showed continued growth across its many business segments.

Shopify's Q2 revenue came in 57% higher than the year prior. While that's nowhere near the growth Shopify reported for Q1, it shows sustained growth as we exit the pandemic. In addition, Shopify's monthly recurring revenue continues to climb and is now growing at a compound annual growth rate of 46%. This is an outstanding company with a long growth runway ahead.

Fool contributor Jed Lloren owns shares of Shopify.

Robin Brown: Telus International

If you want a TSX stock with a lot of modern technology catch phrases associated with it, **Telus International** ([TSX:TIXT](#))([NYSE:TIXT](#)) is one to own. Artificial intelligence, machine learning, data analysis, and digital transformation are all themes this company is addressing. Telus International provides large businesses (particularly software businesses) contract-based services to help in their digital transformation strategies.

Society is increasingly becoming digital. Telus International provides services that help ensure its client's customer experience improves and evolves as well. Beyond exciting themes, this stock is growing by mid-double digits, and it is producing earnings and lots of free cash flow. Today, it is fairly reasonably priced to future earnings growth.

Fool contributor Robin Brown owns shares of Telus International.

Andrew Button: Shopify

My top stock for August is **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). Shopify just had a blowout quarter that saw revenue, earnings, and GTV up across the board. Yet the stock inexplicably dropped the same day it was released. In the first quarter, Shopify basically proved that the post-COVID period wouldn't kill the company. Many analysts thought that the end of the COVID-19 pandemic would destroy SHOP, because it would get people back shopping in retail stores instead of online. Well, the lockdowns were being lifted in the second quarter, yet Shopify still grew revenue by 57% and posted \$1.1 billion in GAAP earnings. Technically, some deceleration did occur, but not an extreme amount. It was a great quarter.

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

Kay Ng: Fortis

The stock market is expensive compared to historical levels. However, defensive dividend stocks like **Fortis** ([TSX:FTS](#))([TSX:FTS](#)) are good places to park some money, especially for conservative investors.

The regulated electric and gas utility has demonstrated solid business performance through economic cycles. It earns predictable returns on equity on its portfolio of utilities that primarily consists of low-risk distribution and transmission assets.

Fortis stock is fairly valued and provides a safe yield of about 3.6%. It's expected to increase its dividend next month by about 6%. Therefore, it provides a respectable forward yield of approximately 3.8%.

Fool contributor Kay Ng owns shares of Fortis.

Sneha Nahata: Absolute Software

Absolute Software ([TSX:ABST](#))([NASDAQ:ABST](#)) is my top stock for August. The company is scheduled to announce its Q4 financials on Aug. 10, and I expect acceleration in its revenue-growth rate to sustain, while its annual recurring revenues could continue to grow rapidly and boost its stock price.

I believe channel and global expansion, large addressable market, and secular industry trends to continue to boost its top line. Further, growth in its customer base, cross-selling opportunities, and high retention rate augur well for future growth. Absolute Software's adjusted EBITDA has consistently grown at a strong double-digit rate, and I expect the momentum to sustain in Q4, thanks to the higher revenues.

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

Andrew Walker: Barrick Gold

Barrick Gold ([TSX:ABX](#))(NYSE:GOLD) has come a long way in its turnaround efforts, and the market might not fully appreciate the potential for this mining giant to generate truckloads of free cash flow at current gold and copper prices.

Barrick Gold operates five of the top 10 gold mines on the planet, has zero net debt, and declared a US\$750 million special return of capital for shareholders this year on top of the dividend.

Gold gave back some gains over the past year after hitting a record high in August 2020. The resulting drop in Barrick Gold's share price, however, appears overdone.

The stock is becoming an attractive dividend play and offers nice upside potential.

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

Ambrose O'Callaghan: Real Matters

My top stock for August 2021 is **Real Matters** ([TSX:REAL](#)). The Ontario-based company provides technology and network management solutions to mortgage lending and insurance industries in Canada and the United States. A friendly credit environment, especially during the pandemic, has powered real estate in both countries recently. This is good news for Real Matters going forward.

In its recent third-quarter report, the company posted consolidate revenue growth of 9.6% to \$129 million. It launched two new lenders in U.S. Title and three new lenders in U.S. Appraisal. Net revenue has surged 100% from the prior year to \$1.9 million in its Canadian segment.

Investors should look to buy the dip in Real Matters in August. It still boasts a favourable price-to-earnings ratio of 25. Moreover, it dipped in technically oversold territory with an RSI of 15 at the time of this writing.

Fool contributor Ambrose O'Callaghan has no position in any of the stocks mentioned.

Puja Tayal: Chorus Aviation

The second half of the year is bullish for the [airline sector](#), but the fears of Delta variant and rising fuel prices haunt its upside. Amid these uncertainties, my top stock pick for August is **Chorus Aviation** ([TSX:CHR](#)). Chorus offers regional commercial passenger and charter services and aircraft leasing solutions to **Air Canada** and other airlines. While international travel restrictions still have many roadblocks, domestic air travel is resuming, which means more business for Chorus.

Chorus not only serves airlines; it also other air services like cargo, air ambulance, and aerial surveillance. The stock has already surged 28% year to date but has another 60% upside before it returns to the pre-pandemic level of \$7.5.

Fool contributor Puja Tayal has no position in any of the stocks mentioned.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:ABST (Absolute Software)
2. NASDAQ:DCBO (Docebo Inc.)
3. NASDAQ:DOOO (BRP Inc.)
4. NYSE:B (Barrick Mining)
5. NYSE:FTS (Fortis Inc.)
6. NYSE:SHOP (Shopify Inc.)
7. NYSE:TIXT (Telus International)
8. OTC:ILLM.F (Illumin)
9. TSX:ABST (Absolute Software)
10. TSX:ABX (Barrick Mining)
11. TSX:ARE (Aecon Group Inc.)
12. TSX:CHR (Chorus Aviation Inc.)
13. TSX:DCBO (Docebo Inc.)
14. TSX:DOO (BRP Inc.)
15. TSX:FFH (Fairfax Financial Holdings Limited)
16. TSX:FTS (Fortis Inc.)
17. TSX:ILLM (AcuityAds)
18. TSX:REAL (Real Matters Inc.)
19. TSX:SHOP (Shopify Inc.)
20. TSX:TIXT (Telus International)

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1. Investing

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Author

motley-fool-staff

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