



## Top 3 TSX Stocks to Buy in September 2021

### Description

Are you an investor who plans monthly investments in the first five days of the month? Then this article is for you. Remember the famous mantra of making money in the stock market, "Buy the dip sell the rally." It is easier said than done, especially when you see your stimulus checks thinning. This is a good time as the fourth wave pulled the market down and created an opportunity to buy strong stocks at a discounted price.

### Restaurant Brands International

One company behind your favourite food joints, Burger King, Popeyes Louisiana Kitchen, and Tim Hortons, is **Restaurant Brands International** ([TSX:QSR](#))([NYSE:QSR](#)). The company came under crisis last year as the pandemic-induced lockdown reduced its same-store sales. Many people switched to cooking instead of dining out and takeaways. With pandemic blurring the future of restaurants, Warren Buffett exited Restaurant Brands in August 2020.

But what he missed was the company's online presence. Restaurant Brands propped up its digital platform and started taking online orders. The digital sales momentum continued even in the second quarter of 2021, rising 60% year over year. As the lockdown eases, people are returning to their old dining habits. Dining plus digital sales boosted Restaurant Brands' system-wide sales by 4% over the second quarter of 2019.

The stock has returned to its pre-pandemic level. But I expect the stock to surge toward the end of the year as the holiday season approaches and leisure travel returns.

### Cenovus Energy

**Cenovus Energy** ([TSX:CVE](#))([NYSE:CVE](#)) is among the top three largest oil companies in Canada. When it comes to oil, I always talk about **Suncor Energy**. But this time, I am also bullish on Cenovus. Suncor is facing some production issues with its Fort Hills mine. Cenovus's acquisition of competitor Husky Energy last year has significantly increased the former's capacity. This acquisition will help Cenovus tap the pent-up oil demand and high oil prices.

The concerns around the \$10 billion net debt of Cenovus after the acquisition could ease if the oil price and demand remain high. The company will use high cash flows from the pent-up demand to reduce debt. The stock surged 168% in the November 2020-June 2021 rally but dipped 15% in the recent correction. As the economy reopens, it can return to its June high of \$12.68, representing a 20% upside.

## Air Canada stock

**Air Canada** ([TSX:AC](#)) is a stock to buy at the current level of \$25 as it has the potential to cross its pandemic high of \$32 and even reach \$40. What makes me [bullish](#) on the airline is the pent-up travel demand and its determination to avoid using bailout money. To fill you in on what I am talking about, AC was on a growth spree before the \$5.9 billion bailout that gives the government a 10% stake in the company. This will dilute investors' interest. Hence, Air Canada stock has never crossed the \$28 mark since then.

But the airline's management is restructuring debt. If things go as planned and it sees cash inflow from pent-up demand, it might refuse to take \$4 billion worth of bailout loans that gives the government a 4-6% equity stake. If the airline makes such an announcement, the stock could cross the \$32 mark. While the chances are 50-50, I would suggest holding the stock for a year and see what lies at the end of the pandemic tunnel.

## Stocks to buy the dip

The above three stocks are contrary to what [Warren Buffett](#) did last year. His company **Berkshire Hathaway** [exited](#) Restaurant Brands and airline stocks last year and Suncor stock this year. But if you look at the contrary, all the above three stocks are on the cusp of recovery. Buying into the recovery rally helps active investors outperform passive investors. While I recommend passive investing, don't miss out on the momentous opportunities the market presents.

### CATEGORY

1. Coronavirus
2. Energy Stocks
3. Investing

### TICKERS GLOBAL

1. NYSE:CVE (Cenovus Energy Inc.)
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5. TSX:QSR (Restaurant Brands International Inc.)

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