19 Top TSX Stock Picks for October 2021

Description

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

Chris MacDonald: Couche-Tard

My top stock for October is **Alimentation Couche-Tard** (TSX:ATD.B). This Canadian large-cap stock has been a long-term growth champion in the global convenience store and gas station space.

The company's growth prospects remain robust, with more consolidation likely in this fragmented space. However, a lack of deal flow of late has some investors worried.

That said, I think the company's current valuation of only 15 times earnings is too cheap to ignore, given the company's cash flow and earnings-per-share growth rate. Accordingly, this could be the best fundamentally sound stock in Canada and one of the most undervalued TSX stocks out there currently.

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

Andrew Walker: Suncor

Suncor's (TSX:SU)(NYSE:SU) share price has trailed its peers in 2021, but the stock should catch up next year after some operational issues are sorted out and the board starts to raise the dividend.

Management decided to use excess cash in 2021 to reduce debt and buy back shares. If oil prices hold their 2021 gains, investors should see a generous dividend hike in early 2022 to make up for part of the 2020 cut to the payout.

The stock appears cheap right now in an otherwise expensive market.

Fool contributor Andrew Walker owns shares of Suncor.

Kay Ng: Canadian Pacific Railway

The bidding war between **Canadian Pacific Railway** (TSX:CP)(NYSE:CP) and **Canadian National Railway** for **Kansas City Southern** has CP coming out as the winner and expected to close the transaction by Q1 2022 in a stock and cash deal worth about US$31 billion.

Usually, the acquirer in a deal will dip because of higher uncertainty from the merger. Indeed, CP stock has corrected about 17% since its all-time high in May.

At $83 and change per share at writing, the solid railroad trades at a decent forward price-to-earnings ratio of about 20.5 for its estimated three- to five-year earnings-per-share growth rate of about 11.5%. Therefore, CP is my top pick for this month, especially if it dips further.

Fool contributor Kay Ng owns shares of Canadian Pacific Railway.

Vishesh Raisinghani: Tourmaline Oil

As we approach winter, the world faces an energy crisis. Europe, China, and India are all facing rolling blackouts due to an unprecedented surge in electricity demand and a supply shortage created by the pandemic. Oil and natural gas are hovering near historic highs, which is a profitable catalyst for energy giant **Tourmaline Oil** (TSX:TOU). Unsurprisingly, Tourmaline stock is up 150% year to date and is still relatively undervalued. The stock trades at a price-to-earnings ratio of 9.7 and offers a 1.55% dividend yield. Management recently announced a special dividend of $0.75 per share to be paid next month. The outlook for energy producers has never been brighter. That's why Tourmaline deserves a spot on your watch list for October.

Fool contributor Vishesh Raisinghani has no position in any of the stocks mentioned.

Robin Brown: Brookfield Asset Management

In uncertain markets, **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM) looks like a great fortress stock to own. With over $600 billion of assets under management, it is one of the largest alternative asset managers in the world. Its financial capacity, scale, and global management expertise are enabling growth to accelerate today.

Given its contrarian investing style, this company can win in the long term from both bear and bull markets. Management believes it can double BAM's intrinsic value in as few as five years. That's only a compounded annual growth rate of around 15%. Considering it has surpassed that rate in the past few years (even in the pandemic), I think management is being conservative and there could be even more upside.

Fool contributor Robin Brown owns shares of Brookfield Asset Management.

Karen Thomas: Tourmaline Oil

Tourmaline Oil (TSX:TOU) is an oil and gas company whose production is heavily weighted toward natural gas. Currently, this company is benefitting tremendously from soaring natural gas prices. It's my top pick this month, because I expect this up-cycle to play out over the next year or two, providing above average returns for natural gas stocks.

And as far as natural gas stocks go, Tourmaline is the best. The company has a large prolific land position with a multitude of low-risk drilling opportunities. Tourmaline survived the long and drawn-out natural gas bearish cycle exceptionally well. Today, cash flows are soaring and shareholders are benefitting.

The company plans on returning much of its cash flow generated to shareholders. A special dividend was already announced last week. And the company signaled that there will be more to come, as this natural gas producer's fortunes finally take a dramatic turn for the better.

Fool contributor Karen Thomas owns shares of Tourmaline Oil Corp.

Stephanie Bedard-Chateauneuf: Docebo

Docebo (TSX:DCBO)(NASDAQ:DCBO), a provider of learning management systems for medium and large enterprise clients, is my top stock for October.

The last quarter of Docebo topped estimates with revenue of $25.6 million (up 76% year on year) compared to a consensus forecast of $23.1 million.

Docebo launches innovative products and extends its geographic presence to expand its customer base and increase the average value of its contracts. It recently opened a new office in Munich, Germany, to strengthen its competitive position in the European market.

Its strong second-quarter performance, expanding customer base, and growing average contract value boosted investor confidence, which, in turn, boosted its share price.

Fool contributor Stephanie Bedard-Chateauneuf owns shares of Docebo.

Andrew Button: Suncor Energy

I'm normally not a big energy stock guy, but there's enough going for the oil and gas sector this autumn that it I'm bullish on **Suncor Energy** (TSX:SU)(NYSE:SU). As of this writing, the price of WTI oil was $76 — the highest it had been since 2018. This high price was the culmination of a year of strong gains, during which oil prices rose in the first, second, and third quarters.

Suncor recently released its second-quarter earnings and — surprise, surprise — the company benefitted enormously from high oil prices. In Q2, funds from operations (FFO) were $2.36 billion (up from $488 million), operating income was $722 million (up from a $1.3 billion loss), and net income was

$868 million (up from a $614 million loss). These strong results were largely due to the rising price of oil in the second quarter, and the price of oil is even higher now than it was then, so the third quarter is likely to be a beat.

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

Jitendra Parashar: Air Canada

Air Canada (TSX:AC) is my top pick for October. Its stock is currently trading at $24.36 per share. The largest Canadian passenger airline company has seen the devastating impact of the global pandemic since Q1 2020. As a result, the airline has burnt more than $6 billion in cash in the last six quarters. Even the approval of a government financial aid package and early signs of travel demand recovery haven't been able to help its stock recover so far.

Nonetheless, things have started looking better for Air Canada lately, as the Canadian government is continuing to ease travel restrictions ahead of the upcoming holiday season. Easing restriction along with stronger demand could help the airline company be on a path to a sharp financial recovery soon and drive its stock higher. While AC stock has risen by 7% in 2021, it's still trading 50% lower from its 2019 closing price.

Fool contributor Jitendra Parashar has no position in any of the stocks mentioned.

Nicholas Dobroruka: Nuvei

My top stock for the month of October is the tech company **Nuvei** (TSX:NVEI).

The tech stock joined the **TSX** only 12 months ago, but shares are already up more than 200%. It's also now valued as a $20 billion company.

Nuvei offers its global customers a range of different payment-processing solutions. Online, in-app, or brick and mortar — it doesn't matter the location of the purchase; Nuvei has a solution for it.

The only knock I have on this growth stock right now is its valuation. It's trading at a frothy price-to-sales ratio of 40. It's not the most expensive tech stock on the TSX, but it's incredibly expensive, nonetheless.

I'm expecting many more years of market-beating growth for the payments company, but I'd be prepared for a bumpy ride. As long as its trading at this kind of valuation, volatility should certainly be expected.

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

Sneha Nahata: Payfare

As our reliance on gig workers continues to increase, I am bullish on **Payfare** (TSX:PAY) stock. Notably, Payfare provides payment solutions and digital banking services to gig economy workers, and solid demand for food delivery and ridesharing indicates that it could continue to deliver robust sales, while its active user base could jump further.

Though its stock has appreciated quite a lot since going public, I expect the uptrend to sustain. Payfare's partnerships with leading marketplaces and platforms, including DoorDash, **Uber**, and **Lyft**, will likely boost its user base and, in turn, its revenues. Moreover, its low acquisition cost, large addressable market, and cost optimization augur well for future growth.

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

Vineet Kulkarni: Tourmaline Oil

Canada's leading natural gas producer stock **Tourmaline Oil** (TSX:TOU) has returned 160% this year. I think its recently released upbeat guidance should provide another big nudge to the stock, further rewarding shareholders.

Tourmaline Oil increased its production and free cash flow guidance for 2021. In addition, the company announced a special dividend last week, driven by its better-than-expected performance so far this year. Interestingly, rallying gas prices could continue to boost its earnings in the second half of 2021.

TOU stock is currently trading nine times its earnings and indicates a huge runway for growth. I think above-average earnings growth and decent dividends, along with a cheaper valuation, make Tourmaline stock nothing short of a steal.

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

Amy Legate-Wolfe: Canadian Pacific Railway

It was quite the saga between **Canadian Pacific Railway** (TSX:CP)(NYSE:CP) and **Canadian National Railway** for the **Kansas City Southern** bid. However, CP stock came out on top after a thumbs-up from the U.S. Surface Transportation Board. Yet CP stock remains down by about 10% as of writing in the last month due in large part from the hefty US$31 billion price tag.

However, this makes it a strong buy for value investors seeking long-term holds. CP stock will become the only railway moving from Canada to Mexico. It goes through heavy oil, gas and agriculture centres to pick up further revenue. And yet it trades at a valuable 17.2 price-to-earnings ratio.

I think long-term investors will soon decide it's worth the wait for CP stock and will look past the price tag once revenue floods in. So, that makes today a solid buy for this rail company.

Fool contributor Amy Legate-Wolfe owns shares of Canadian Pacific Railway.

Jed Lloren: Nuvei

My top stock for October is **Nuvei** (TSX:NVEI). Since its IPO about a year ago, Nuvei stock has seen many more green days than red. As a result, it's now trading more than 216% higher than its closing

IPO price. Unfortunately for investors, this means that the stock hasn't provided many great buying opportunities.

However, with the current correction in the stock market, Nuvei stock is now trading more than 16% down from its all-time highs. Despite its steep decrease in value, Nuvei remains a top growth stock. The company reported a 114% year-over-year increase in its Q2 quarterly revenue. It's a great time to consider starting a position in the company.

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

Puja Tayal: Air Canada

My top TSX stock pick for October is **Air Canada** (TSX:AC). The travel restrictions have eased for fully vaccinated individuals. A majority of people are booking flights for their long-delayed international travel. As the vaccination rate increases, so will travel demand. This is the moment most airline investors have been waiting for — to buy the dip before the stock rallies.

Air Canada stock has still not priced in the recovery in air travel demand. But when it does, the stock could surge double digits and touch its pandemic high of $31, representing a 25% upside.

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

Daniel Da Costa: Boardwalk REIT

My top stock recommendation for October is **Boardwalk REIT** (TSX:BEI.UN). Boardwalk is a residential REIT with more than 33,000 suites in five provinces across Canada. However, over 50% of its portfolio is located in Calgary and Edmonton.

These two cities have had some of the poorest housing market fundamentals in Canada, which has led Boardwalk REIT to become extremely cheap. So, as the economy continues to recover, Boardwalk REIT offers investors an excellent opportunity.

At current prices, Boardwalk is trading at a price-to-book ratio of just 0.8 times and has a safe yield of roughly 2.1%. And, in addition to all the value it offers today, Boardwalk also has a tonne of organic growth potential over the coming years, making it one of the best stocks to buy now.

Fool contributor Daniel Da Costa has no positions in any of the stocks mentioned.

Ambrose O'Callaghan: Canadian Natural Resources

My top stock for October 2021 is **Canadian National Resources** (TSX:CNQ)(NYSE:CNQ). The Calgary-based company is engaged in the production of crude oil, natural gas, and natural gas liquids. Oil and gas prices have rebounded nicely in the very beginning of the fall. Shares of Canadian Natural Resources have climbed 45% in 2021 at the time of this writing.

In Q2 2021, the company posted strong growth in adjusted earnings and cash flow. It last paid out a quarterly dividend of $0.47 per share, which represents a solid 4.1% yield. Better yet, it possesses a favourable price-to-earnings ratio of 13. This undervalued energy stock is worth targeting to kick off the new season.

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

Demetris Afxentiou: Canadian National Railway

There are increasing signs of volatility in the market that have weighed on my top stock pick for this month. For October, that top pick is **Canadian National Railway** (TSX:CNR)(NYSE:CNI).

CN operates the largest railroad in Canada and one of the largest in North America. In fact, it's the only railroad on the entire continent with access to three different coastlines. That massive network is responsible for hauling upwards of $250 billion worth of goods every year. This makes it the ultimate long-term defensive stock with a reliable revenue stream.

If that weren't a compelling enough case, there's still more to love. After plenty of drama, the possibility of CN buying one up of its cross-border peers in an expensive deal is finally over. To that end, investors will be pleased that CN can now resume share buybacks of this defensive gem.

Even better, investors can expect yet another tasty dividend hike to follow next year.

Fool contributor Demetris Afxentiou owns shares of Canadian National Railway.

Aditya Raghunath: ARC Resources

My top stock for October 2021 is **ARC Resources** (TSX:ARX). A mid-cap company valued at a market cap of $8.3 billion, ARC Resources explores, develops, and produces crude oil, natural gas, and natural gas liquids in Canada.

The stock is well poised to outpace the broader markets in October 2021 and beyond, as its revenue is forecast to more than double to $3.48 billion this year and rise by 17.8% to $4.1 billion in 2022. Comparatively, its bottom line is forecast to improve from a loss per share of $1.55 in 2020 to earnings of $1.45 per share in 2022.
It is one of the cheapest energy stocks on the TSX that also offers investors a forward yield of 2.4%.

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

CATEGORY

1. Investing
2. Top TSX Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. NYSE:BN (Brookfield Corporation)
3. NYSE:CNI (Canadian National Railway Company)

4. NYSE:CNQ (Canadian Natural Resources)
5. NYSE:CP (Canadian Pacific Railway)
6. NYSE:SU (Suncor Energy Inc.)
7. TSX:AC (Air Canada)
8. TSX:ARX (ARC Resources Ltd.)
9. TSX:BEI.UN (Boardwalk Real Estate Investment Trust)
10. TSX:BN (Brookfield)
11. TSX:CNQ (Canadian Natural Resources Limited)
12. TSX:CNR (Canadian National Railway Company)
13. TSX:CP (Canadian Pacific Railway)
14. TSX:DCBO (Docebo Inc.)
15. TSX:NVEI (Nuvei Corporation)
16. TSX:SU (Suncor Energy Inc.)
17. TSX:TOU (Tourmaline Oil Corp.)

PARTNER-FEEDS

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

PP NOTIFY USER

1. tmfjoey

Category

1. Investing
2. Top TSX Stocks

Date
2025/06/27
Date Created
2021/10/01
Author
motley-fool-staff