The 3 Best Canadian Stocks to Buy This Month

Description

The Canadian stock market had a misstep in September, but it's back to business this month. After posting a loss last month, the **S&P/TSX Composite Index** is already up more than 3% in October. That puts the index at a gain of close to 20% on the year.

As a long-term Foolish investor, I'm not letting the market's high price stop me from investing today. After an incredible bull run that started in early 2020, we're due for a larger correction at some point. But for the time being, there are plenty of top Canadian stocks trading at opportunistic discounts right now.

I've put together a list of three top picks I have on my radar this month. All three companies are very different, but they do have one thing in common. They're all trading at discounts right now. I wouldn't expect that to last for long, though, so now's your chance to start a position.

A high-priced Canadian stock on sale

Valued at a market cap above $200 billion, **Shopify** (TSX:SHOP)(NYSE:SHOP) is the largest public company in the country. Even at its size, though, investors are expecting many more years of monster revenue growth.

The Canadian stock is trading at a lofty price-to-sales ratio of almost 50. It has a steep price tag, because investors are banking on the market-beating growth to not slow down anytime soon.

Shopify hasn't ever been a cheap stock since it's been trading on the TSX. And considering it's coming off a quarter where revenue growth topped 50%, I don't think value investors will be interested in this tech stock anytime soon.

If you were planning on starting a position in Shopify, now's a good time. Shares are trading slightly above the market's returns this year, but the tech stock is down more than 15% below all-time highs.

Investing in the growth of renewable energy

The entire renewable energy sector has trailed the market this year. After a strong performance in 2020, we're seeing the sector unsurprisingly cool off this year. Still, many renewable energy leaders are enjoying market-beating gains when looking at a five-year horizon and longer.

Shares of **Northland Power** (TSX:NPI) are down 10% year to date compared to the market's nearly 20% gain. The Canadian stock is up a market-beating 70% over the past five years, though. And that's not even including its impressive 2.9% dividend yield.

At a market cap just shy of $10 billion, this renewable energy stock is a leader in the growing space.

If you're looking to own a reasonably priced, dividend-paying company that also provides market-beating growth potential, Northland Power is a solid choice.

Another growing sector that's full of bargains

Telemedicine was one of the hottest markets to invest in last year. The COVID-19 pandemic created a surge in demand for virtual doctor appointments. With hospital visits down from where they were last year, it's not a surprise to see many telemedicine stocks below all-time highs right now.

WELL Health Technologies (TSX:WELL) is a top pick for long-term investors. The Canadian stock was a four-bagger in 2020 alone but is now trading more than 20% below all-time highs.

If you're bullish on the massive growth opportunity of telemedicine in the coming years, I'm betting that this $1 billion company has lots more growth left in the tank.

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2. Investing
3. Tech Stocks

TICKERS GLOBAL

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2. TSX:NPI (Northland Power Inc.)
3. TSX:SHOP (Shopify Inc.)
4. TSX:WELL (WELL Health Technologies Corp.)

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