



## My 3 Top Canadian Stock Picks for 2022

### Description

The New Year is right around the corner and it's time to consider what Canadian [stocks picks](#) I want to hold for 2022. Looking back, 2021 was an amazing year for stocks. However, returns might be tempered in 2022.

However, I still think it is possible to outperform the TSX. If you are looking for some nice little stocking stuffers this Christmas, here are two top technology stocks and one cyclical stock that should outperform in 2022.

### Descartes Systems: A top Canadian tech stock

Global supply challenges appear to be improving as the year comes to an end. Yet, with continued waves of COVID-19, it appears supply chain issues will persist to some extent. That bodes very favourably for **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)). It provides a cloud-based logistics network that is complemented with a wide array of logistics-orientated software solutions.

Descartes had a great year in 2021. So far revenues, net income, and adjusted EBITDA have grown by 22%, 91%, and 32% respectively for its fiscal nine months. This Canadian stock has no debt and \$171 million of cash. Technology business valuations could decline with interest rates rising, so 2022 could be a good year to continue expanding its capabilities through acquisition.

This is not a cheap stock, so I like to buy it on dips. However, for a fairly low-risk, stable mid-teens growth stock, this is one to buy and hold for the long-run.

### Constellation Software: A top performing TSX stock

Another Canadian tech stock that should enjoy solid market beating gains is **Constellation Software** ([TSX:CSU](#)). Despite the recent volatility in tech stocks, Constellation barely moved. I think that just speaks to the quality of the company and the long-term focus of its management and shareholders.

For the past five years, this stock has delivered consistent 30% annual returns. While it generally grows by acquiring vertical market software businesses, it is also exploring new avenues to deliver returns.

One was to spin out a European-focused software acquirer, **Topicus.com** ([TSXV:TOI](#)). Another has been to increase the size of its acquisition targets and look at new software verticals. Lastly, the company commenced a new venture capital strategy focused on organic growth. All of these factors should help this business to continue delivering market-beating returns going forward.

## Suncor Energy: A top Canadian energy stock pick

For a more cyclical stock in 2022, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) could deliver another strong year. This Canadian stock is volatile, so you need an iron stomach. Yet, the company is in the early innings of a nice [turnaround](#). If oil stays over US\$70 per barrel, it is in a great position to deliver solid total shareholder returns.

It just raised its [dividend](#) by 100%. This Canadian stock now yields over 5.5%. Likewise, the company is returning to a posture of operational excellence. That should help fuel really strong cash flow growth for the next few years.

Right now, it is quickly reducing debt and buying back tonnes of stock. The stock has not recovered to the same extent as other super major oil peers. So, I expect it should benefit from a valuation re-rating at some point as well.

Wishing you and yours a safe and happy holiday season!

### CATEGORY

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2. Stocks for Beginners

### TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:CSU (Constellation Software Inc.)
4. TSX:DSG (The Descartes Systems Group Inc)
5. TSX:SU (Suncor Energy Inc.)
6. TSXV:TOI (Topicus.Com Inc.)

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