



14 Top TSX Stock Picks for January 2022

Description

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

Vishesh Raisinghani: Topicus.com

My top pick for January is **Topicus.com** ([TSXV:TOI](#)).

Since hitting an all-time high earlier this year, Topicus has lost roughly 20% of its value. It's been swept up in the ongoing bear market for tech stocks. Nevertheless, the team continues to deliver on its long-term growth strategy. In its most recent quarter, revenue jumped 50%. While organic growth was 7%, the rest was driven by accretive acquisitions. As valuations in the tech industry decline, Topicus should find more attractive acquisitions targets throughout 2022. That's why it deserves a spot on your watch list for January.

Fool contributor Vishesh Raisinghani has no position in the companies mentioned.

Nicholas Dobroruka: Algonquin Power

With volatility spiking in recent weeks, my top pick in January is a trustworthy utility stock **Algonquin Power** ([TSX:AQN](#))([NYSE:AQN](#)).

The \$12 billion company can provide shareholders with not only stability and [passive income](#) but growth, too. Shares of Algonquin Power are up a market-beating 60% over the past five years. And that's not even including the company's impressive 4.5% dividend yield.

Stability is the main reason that this utility stock is on my watch list this month. If you're like me and slightly over-indexed to [high-growth](#) tech stocks, you'll be glad to own shares of a reliable company like Algonquin Power that can help keep volatility down in your portfolio.

And now that shares are down close to 10% from all-time highs, investors may want to pull the trigger

soon. I don't think these discounted prices will last long.

Fool contributor Nicholas Dobroruka has no position in the companies mentioned.

Kay Ng: Nuvei

Nuvei ([TSX:NVEI](#))([NASDAQ:NVEI](#)) stock has declined by more than 50% from its high. Much of the correction has been triggered by a short-seller report.

The business generates significant free cash flow and is growing its top and bottom line. Its payment technology solutions accept global payments and a range of payment methods. It allows its merchants and partners to pay for what they need, so they can keep their costs low. As these clients grow, they will increase their spending with Nuvei. As they rely more and more on Nuvei's flexible solutions, they become stickier to Nuvei, and the company's moat widens.

Fool contributor Kay Ng owns shares of Nuvei.

Vineet Kulkarni: goeasy

Canada's top consumer lender stock **goeasy** ([TSX:GSY](#)) has fallen 20% in Q4 2021 and presents an attractive opportunity for investors. A \$3 billion lending company has seen above-average financial growth in the last decade, which has helped it create solid wealth for shareholders.

goeasy could see even higher financial growth in 2022 than last year, driven by higher loan originations amid full re-openings. Also, its recent [foray](#) into auto loans will likely expand its top line in the next few quarters.

GSY stock returned 85% last year, notably outperforming the TSX Index. Undervalued stock, stable dividends, and strong financial growth prospects should drive GSY stock higher in the future.

Fool contributor Vineet Kulkarni has no position in the companies mentioned.

Stephanie Bedard-Chateauneuf: Dye & Durham

Dye & Durham ([TSX:DND](#)) is my top stock for January. The company continues its current business strategy of growing through the efficient execution of acquisitions to generate shareholder value. It posted better-than-expected results for the fiscal first quarter of 2022.

Dye & Durham has signed an agreement to purchase **Telus's** Financial Solutions for \$500 million. This acquisition should help to strengthen its digital infrastructure.

The company also signed a deal to acquire Link Group, a technology-driven market leader that connects people to their assets, for \$3.2 billion.

Dye & Durham's diverse customer base, high retention rate, geographic expansion, and long-term contracts with top clients will support its growth. In addition, its strong M&A pipeline and strong balance

sheet will likely accelerate its rate of growth.

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

Andrew Walker: Enbridge

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) reported a 20% increase in Q3 adjusted earnings compared to the same period last year. The company put \$10 billion in new assets into service during 2021 and is positioned well to benefit from the rebound in oil and natural gas demand anticipated in the coming years.

Enbridge recently added \$1.1 billion to its capital program with new investments targeted at renewable energy assets and natural gas infrastructure. Distributable cash flow is expected to grow in 2022, and the board just raised the dividend for the 27th consecutive year.

Enbridge offers a 7% dividend yield at the time of writing. Even if the share price doesn't move higher, income investors can get a great return from this stock in 2022.

Fool contributor Andrew Walker owns shares of Enbridge.

Amy Legate-Wolfe: Nutrien

The Santa Claus rally seems to have ended 2021 on a high note. However, that optimism may be cut short with the Omicron variant still waging war on the world and economies. It's why now is still a great time to bulk up on defensive stocks like **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)).

While the rest of the market has ebbed and flowed, Nutrien climbed upwards as steady as ever. Shares are up about 59% year to date, as of writing. Yet the \$55.71 billion company is still a great deal, with a price-to-earnings ratio of 19.21.

The company beat analyst estimates during its last report, and that's unlikely to go anywhere. Nutrien not only continues to consolidate the crop nutrient market but has brought it into the digital age. The pandemic caused its e-commerce arm to surge, and that's unlikely to go anywhere, as arable land continues to be less and less.

Finally, Nutrien offers investors a 2.37% dividend yield, with a potential upside of 5% to reach its target price. But this is a long-term hold any investor should buy while they can.

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

Andrew Button: Suncor Energy

My top stock for January is **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)). It might seem strange to praise an energy stock now that one of the worst COVID waves ever is ongoing. But that's precisely why I'm a fan of it.

Despite a dip early in December, oil prices are holding up pretty well. As of this writing, [WTI was at \\$77](#), and Brent crude was at \$80. These are among the best prices seen in years — not quite at the November highs, but not too far off.

When oil prices rise, Suncor makes more money. In its most recent quarter, it had \$2.6 billion in cash flow (up 160%), and \$877 million in net income. That was because oil prices were high in Q3. Oil prices are still relatively high now, yet energy stocks like SU have sold off. So, they look like good value plays at today's prices.

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

Jitendra Parashar: TFI International

TFI International ([TSX:TFII](#))([NYSE:TFII](#)) is my top pick for January 2022. The shares of this Canadian logistics and transportation company yielded outstanding returns in 2021 by more than doubling during the year. Its strong fundamentals have supported its stock price gains in the last year.

For example, in the next couple of quarters combined, TFI's total revenue has risen by 116% year over year, helping it post a stellar 72% increase in its adjusted earnings per share. Its strong financial growth trend could improve further in the coming quarters, as ongoing challenges like supply chain disruptions and labour shortages gradually subside and further boost the demand for TFI's logistics services. These expectations could help TFII stock to start 2022 on a solid note.

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

Sneha Nahata: Spin Master

I am upbeat about **Spin Master** ([TSX:TOY](#)), a children's entertainment company. It's worth noting that Spin Master will benefit from an acceleration in demand and higher gross product sales during the fourth quarter. Moreover, its strong innovation and product pipeline support my bullish outlook.

Further, its growing subscription user base within the digital games segment, focus on developing and emerging markets, and ongoing strength in the entertainment and licensing revenues augur well for growth. Higher sales, a favourable product mix, and cost-reduction initiatives will likely cushion its earnings and, in turn, its share price.

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

Robin Brown: Enghouse Systems

Enghouse Systems ([TSX:ENGH](#)) had a disappointing stock performance in 2021. Revenue growth stalled compared to very strong comps from 2020. Despite that, the company still performed relatively well through the year.

Enghouse has traditionally grown through acquisition, and it only made three small tuck-in acquisitions

last year. Yet with interest rates rising and tech valuations coming down, this communications technology company could be positioned to reinvigorate its acquisition pipeline. The company has about \$200 million in net cash and ample liquidity to deploy right now.

With the stock down 23% in 2021, Enghouse is trading at the low end of its valuation range. For a cheap [tech stock](#) with a lot of underlying value, this is a great TSX stock.

Fool contributor Robin Brown owns Enghouse Systems Ltd.

Demetris Afxentiou: Fortis

Stable income, strong growth prospects, and one of the largest defensive moats anywhere sum up nicely why **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is my pick for this month.

As one of the largest utilities on the continent, Fortis generates a recurring and stable revenue stream. That revenue stream is backed by long-term regulatory contracts that can span decades. That's a key factor in Fortis's defensive appeal, and that stable revenue stream helps Fortis provide its tasty quarterly dividend.

The dividend currently works out to a respectable yield of 3.52%. Also noteworthy is Fortis's 48-year streak of consecutive, annual dividend hikes. The company issued a guidance for further increases that will push it over the 50-year mark, making it a Dividend King.

Fool contributor Demetris Afxentiou owns shares of Fortis.

Puja Tayal: Enbridge

My top TSX stock pick for January is pipeline operator **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). In 2021, a recovery in oil demand increased volumes transmitted through Enbridge's pipelines. However, environmentalists made it difficult for some pipeline operators to complete a few projects. But the current [energy crisis](#) and the United States dependence on Canada for natural gas could put Enbridge in a sweet spot for future growth.

The company has several projects coming online in 2022 and 2023 that could increase its cash flows and, therefore, dividends. This is a good time to lock in a 7% dividend yield, as the stock trades at a 9% discount from its high of \$42.

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

Daniel Da Costa: Galaxy Digital Holdings

My top recommendation for January is **Galaxy Digital Holdings** ([TSX:GLXY](#)). Galaxy is an impressive crypto stock that offers asset management services and a trading and market-making business. It has its own mining segment and even offers investment banking advice to the growing number of companies operating in the space.

All of these segments give Galaxy a tonne of diversification. But perhaps the most compelling reason to buy is its principal investments segment, which offers exposure to tonnes of high-potential growth projects, including several NFTs.

So, with cryptocurrencies in a bit of a slump right now, Galaxy is my top recommendation. As we've seen over the last couple of years, when crypto stocks trade cheap, it's an excellent opportunity to gain exposure.

Fool contributor Daniel Da Costa owns shares of Galaxy Digital Holdings.

CATEGORY

1. Investing
2. Top TSX Stocks

TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. NYSE:AQN (Algonquin Power & Utilities Corp.)
3. NYSE:ENB (Enbridge Inc.)
4. NYSE:FTS (Fortis Inc.)
5. NYSE:NTR (Nutrien)
6. NYSE:SU (Suncor Energy Inc.)
7. NYSE:TFII (TFI International)
8. TSX:AQN (Algonquin Power & Utilities Corp.)
9. TSX:DND (Dye & Durham Limited)
10. TSX:ENB (Enbridge Inc.)
11. TSX:ENGH (Enghouse Systems Ltd.)
12. TSX:FTS (Fortis Inc.)
13. TSX:GLXY (Galaxy Digital)
14. TSX:GSY (goeasy Ltd.)
15. TSX:NTR (Nutrien)
16. TSX:NVEI (Nuvei Corporation)
17. TSX:SU (Suncor Energy Inc.)
18. TSX:TFII (TFI International)
19. TSX:TOY (Spin Master)
20. TSXV:TOI (Topicus.Com Inc.)

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