18 Top TSX Stock Picks for February 2022

Description

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

Tony Dong: Enbridge

With impending rate hikes, high inflation, and rising bond yields threatening overvalued growth stocks, investors are turning towards value stocks and cyclical plays, like the energy sector. Aided by surging commodity prices, this sector could be one to outperform in 2022, while previously hot sectors, like technology, falter.

My top pick here is **Enbridge** (TSX:ENB)(NYSE:ENB). With a strong wide-moat advantage, good profitability, and a juicy 6.5% dividend yield, Enbridge is one of the safest bets if you decide to invest in the Canadian energy sector. The current market volatility could represent an excellent opportunity to lock in a low yield on cost if you decide to buy.

Fool contributor Tony Dong has no position in the stocks mentioned.

Chris MacDonald: Suncor

My top stock for February is **Suncor Energy** (TSX:SU)(NYSE:SU). This Canadian large-cap energy stock continues to outperform, buoyed by strong energy prices. Expectations are that energy prices should remain strong, and investors are likely to continue to rotate into defensive stocks; those are two key reasons to hold Suncor through February.

As a long-term holding, Suncor has been a great pick for investors. This company's capital-allocation plan and recent dividend hikes are based on strong cash flows I see as continuing for some time.

Those looking for a top defensive stock to hold through what may be a volatile month may want to add some exposure to Suncor.

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

Amy Legate-Wolfe: Constellation Software

Constellation Software (TSX:CSU) has to be one of the best ways to get in on the tech crash this month. The company has grown 10-fold since its initial public offering, finding a stable business model of growing through acquisitions. Yet that didn't stop it from falling 14% from 52-week highs.

Yet even that price is far away from the potential upside agreed to by analysts of around $2,500 per share. That comes from the increased use and necessity of digitization and cloud-based technology. While a price correction was needed, most analysts agree it has been far overblown — especially in the case of a strong company like Constellation Software.

So, now is the chance to get in on the action and hold this long-term stock forever in any portfolio. And this year should see some massive growth, especially when the tech crash hits market bottom. Constellation is bound to soon find some very juicy deals that it will be happy to acquire on this massive dip.

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

Jed Lloren: Shopify

If you were kicking yourself for not buying **Shopify** (TSX:SHOP)(NYSE:SHOP) in 2020, then here's your chance to get in. Shopify stock has fallen, alongside many other popular growth stocks, over the past couple months. In fact, since hitting its peak in mid-November, Shopify stock has dipped about 50%. This drop in Shopify stock has occurred, even as the company continues to post excellent numbers.

Over the Black Friday-Cyber Monday weekend in 2021, Shopify stores totaled US$6.3 billion in sales. That represents a 23% increase over the previous year's pandemic-fueled Black Friday-Cyber Monday weekend. As e-commerce continues to increase in penetration, investors can expect Shopify to continue growing.

Fool contributor Jed Lloren owns shares of Shopify.

Robin Brown: ARC Resources

Energy demand is rising, but supply is struggling to keep up. This could be further magnified by geopolitical issues in Europe. **ARC Resources** (TSX:ARX) looks really well positioned in this environment. It has a diversified mix of natural gas, condensate, and crude production.

At current energy prices, the company has a free cash flow yield over 20%. ARC already pays a nice 3% dividend. However, given its excess cash flows, it is primed to deliver some very high cash returns (dividend increases, special dividends) in 2022. With a price-to-earnings ratio of 6.4, this stock is cheap , even compared to peers. For income and capital upside, it looks attractive today.

Fool contributor Robin Brown owns ARC Resources.

Kay Ng: Manulife

With the chaotic correction that has been happening to high-multiple growth stocks, I've decided to pick **Manulife** (TSX:MFC)(NYSE:MFC) as my top stock this month. The Canadian Dividend Aristocrat has a track record of increasing its dividend for eight consecutive years.

The dividend stock has held up solidly in the last couple of months. Rising interest rates should benefit the large-cap life and health insurance company. Importantly, MFC stock trades at a discounted price-to-earnings ratio of about eight compared to its long-term estimated growth rate of 9%. Shareholders get to collect a generous 5.1% yield while waiting for price appreciation.

Fool contributor Kay Ng owns shares of Manulife.

Andrew Button: Suncor Energy

My top stock for February is **Suncor Energy** (TSX:SU)(NYSE:SU).

There are few stocks better suited to today's market conditions than Suncor. WTI and Brent crude prices recently soared to seven-year highs, possibly because of concerns about a potential Russia/Ukraine crisis.

Even with Omicron sweeping the world, oil prices remain high. This bodes well for energy prices for the remainder of the year, as COVID lockdowns tend to reduce travel and, by extension, demand for oil. If the pandemic ends once and for all, oil stands a good chance of rallying. Suncor, as a company that extracts and sells oil and gasoline, would profit from that.

Suncor sells gasoline directly at the pumps, so it earns more profit the higher gasoline prices go. This can be seen in the company's third-quarter earnings release. In the third quarter, SU earned $2.6 billion in adjusted funds flow, up 160%, and $877 million in net income, up from a $12 million loss. Those are huge improvements all around, and the rest of the year could be similar.

Fool contributor Andrew Button owns Suncor Energy.

Nicholas Dobroruka: Brookfield Infrastructure Partners

After a volatile month in January, I've got a dependable utility stock as my top pick in February.

At a market cap of more than $20 billion, **Brookfield Infrastructure Partners** (TSX:BIP.UN)(NYSE:BIP

) is a leading utility provider in Canada. The company boasts an international presence as well, with operations in North and South America, Europe, and Asia.

Whether you're looking for dependability, passive income, or growth, Brookfield Infrastructure Partners has you covered. Shares of the utility stock have more than doubled the returns of the **S&P/TSX Composite Index** over the past five years. And that's not even including the company's dividend, which is currently yielding upwards of 3%.

Even though Brookfield Infrastructure Partners is trading near all-time highs, it's still a strong buy for me at these prices.

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

Andrew Walker: Canadian National Railway

CN (TSX:CNR)(NYSE:CNI) recently reported strong Q4 2021 results and announced the name of the new CEO. The company also settled its ongoing dispute with a major shareholder.

This puts to bed the uncertainty that has hovered over the stock in recent months and should pave the way for CN to focus on delivering strong returns for shareholders in 2022 and beyond.

The company is already off to a good start with a 19% dividend increase and the launch of an aggressive share-buyback plan. CN stock should be a good buy-and-hold pick today and could deliver big gains for investors by the end of the year.

Fool contributor Andrew Walker owns shares of Canadian National Railway.

Karen Thomas: Pizza Pizza Royalty

My top stock pick this month is **Pizza Pizza Royalty** (TSX:PZA). Pizza Pizza stock yields over 6% and its business has been quite steady over the last many years.

Pizza Pizza has all the right ingredients for these uncertain times. For example, Pizza Pizza is a consumer staples company. The consumer staples industries are characterized by relative insensitivity to the economy. Also, Pizza Pizza is a royalty company. All of its restaurants are franchises. The royalty corporation simply collects a portion of its franchisee's revenues. Lastly, Pizza Pizza consistently generates healthy cash flows. A lot of this cash flow is being returned to shareholders in the form of dividend increases. In short, business is good, and I think investors will be flocking for safety as economic troubles intensify.

Fool contributor Karen Thomas has no position in the stocks mentioned.

Stephanie Bedard-Chateauneuf: Metro

Metro (TSX:MRU) is my top stock for February. Strong first-quarter results give the grocer a solid foundation to start the year.

EPS of $0.88 represents growth of 11.4% relative to last year and 23.9% over two years. Revenues also increased by 0.9% (7.1% over two years) to reach $4.3 billion. Metro increased its quarterly dividend by 10%.

The ongoing trend for consumers to eat at home more often is expected to propel grocers for the next few quarters.

Metro is continuing with its extensive plan to modernize its supply chain, which should significantly increase the efficiency of the production line of the entire enterprise.

Fool contributor Stephanie Bedard-Chateauneuf owns shares of Metro.

Sneha Nahata: Lightspeed Commerce

I am bullish on **Lightspeed** (TSX:LSPD)(NYSE:LSPD) stock, as the correction (it has dropped about 71% in three months) creates a solid entry point. Further, the ongoing migration of small- and mid-sized businesses towards omnichannel selling models, Lightspeed's expansion into new geographies and verticals, and the ability to attract new customers support my outlook.

Also, the growing penetration of its payments solutions, diversified merchant base, an increasing number of existing customers adopting additional modules, high retention rate, and sales mix shift towards recurring revenues augur well for growth. Moreover, product innovation and strategic acquisitions will likely accelerate its growth and drive its total addressable market and its stock price.

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

Jitendra Parashar: Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) is my top pick for February 2022. The Canadian e-commerce giant's shares have fallen sharply in the last couple of months, mainly due to the ongoing tech sector-wide selloff. While Shopify's sales growth rate might see a decline in the near term due to reopening physical stores, its long-term growth prospects remain strong with consistently rising demand for e-commerce services globally.

Also, its recent partnership with the Chinese e-commerce giant **JD.com** reflects its management's efforts to aggressively expand the business. These factors and expectations could help Shopify report better-than-expected financial growth and trigger a sharp recovery in its stock. At the time of writing, SHOP stock was trading at $1,040 per share with 40% year-to-date losses.

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

Aditya Raghunath: WELL Health Technologies

My pick for February is **WELL Health Technologies** (TSX:WELL), a stock that has already surged 4,000% since its IPO in 2016. However, the ongoing selloff in growth stocks allows you to buy WELL stock at a significant discount.

Valued at a market cap of less than $900 million, WELL Health is on track to end Q4 of 2021 with an annual revenue run rate of $450 million and adjusted EBITDA run rate of $100 million.

A company that has focused on aggressive acquisitions, WELL Health is trading at a forward price-to-2022-sales multiple of just two, making it attractive to growth and value investors.

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

Vineet Kulkarni: Birchcliff Energy

While high-growth tech names have almost halved, energy stocks have continued to soar higher this year. One such name that looks well placed for further growth is **Birchcliff Energy** (TSX:BIR). The small-cap natural gas producer stock has returned 200% in the last 12 months.

Expected superior earnings growth, supportive macro environment, and a big scope for dividend hike make Birchcliff an attractive pick at this point. Rallying gas prices will likely drive its free cash flows in 2022, ultimately improving its balance sheet strength. Investors can see a meaningful increase in dividends once its debt comes within the targeted range.

Importantly, BIR stock is currently trading seven times its earnings and looks far discounted relative to peers. Thus, the stock could see immense gains if natural gas prices remain supportive.

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

Daniel Da Costa: Manulife Financial

As interest rates increase later this year, financial stocks are likely to be some of the biggest beneficiaries. That's why I'd recommend investors consider a high-potential stock like **Manulife Financial** (TSX:MFC)(NYSE:MFC) while it's still relatively cheap.

Over the last month, Manulife has been rallying, as investors reposition their portfolios ahead of higher interest rates. In addition, Manulife offers a tonne of long-term growth potential, especially as it grows its operations in Asia, which currently makes up just 30% of its income.

Plus, besides the short- and long-term growth potential Manulife offers, it also pays a dividend, which currently yields approximately 4.5%, making it my top stock recommendation for February.

Fool contributor Daniel Da Costa owns MANULIFE FIN.

Puja Tayal: Lightspeed Commerce

My top TSX stock pick for February is **Lightspeed Commerce** (TSX:LSPD)(NYSE:LSPD), which lost 77% value since a negative report by a short-seller. The stock felt the blow of Spruce Point Capital's accusations of inflating performance metrics and hiding the churn rate. Then came the Omicron wave, which ruined Christmas for most e-commerce companies, and that was followed by a tech selloff. This series of events has undervalued the stock to less than 9.5 times its sales per share for a company with over 50% organic revenue growth.

Lightspeed will release its third-quarter earnings on February 3. These earnings could revive investor confidence and pull the stock up from this point.

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

Ambrose O'Callaghan: Rogers Communications

My top stock pick for February 2022 is **Rogers Communications** (TSX:RCI.B)(NYSE:RCI). This top telecom ran into volatility in late 2021 but rebounded nicely after its leadership crisis was resolved. Its shares were up 6.1% in 2022 at the time of this writing.

The company unveiled its Q4 2021 results on January 27. Rogers posted total revenue of $14.6 billion in 2021 — up 5% from the prior year. Meanwhile, adjusted net earnings increased 5% to $1.80 billion. It is projecting adjusted EBITDA growth between 6-8% in fiscal 2022. The stock possesses a favourable price-to-earnings ratio of 20. Moreover, it offers a quarterly dividend of $0.50 per share. That represents a 3% yield.

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

CATEGORY

1. Investing
2. Top TSX Stocks

TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:ENB (Enbridge Inc.)
4. NYSE:LSPD (Lightspeed Commerce)
5. NYSE:MFC (Manulife Financial Corporation)
6. NYSE:RCI (Rogers Communications Inc.)
7. NYSE:SHOP (Shopify Inc.)
8. NYSE:SU (Suncor Energy Inc.)
9. TSX:ARX (ARC Resources Ltd.)
10. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
11. TSX:BIR (Birchcliff Energy Ltd.)
12. TSX:CNR (Canadian National Railway Company)

13. TSX:CSU (Constellation Software Inc.)
14. TSX:ENB (Enbridge Inc.)
15. TSX:LSPD (Lightspeed Commerce)
16. TSX:MFC (Manulife Financial Corporation)
17. TSX:MRU (Metro Inc.)
18. TSX:PZA (Pizza Pizza Royalty Corp.)
19. TSX:RCI.B (Rogers Communications Inc.)
20. TSX:SHOP (Shopify Inc.)
21. TSX:SU (Suncor Energy Inc.)
22. TSX:WELL (WELL Health Technologies Corp.)

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