
Top TSX Stocks to Buy in July 2022

### Description

Every month, we ask our freelance writer investors to share their best stock ideas with you. Here's what they said.



[Just beginning your investing journey? Check out our guide on how to start investing in Canada.]

## 12 Top TSX Stocks for July 2022 (Smallest to Largest)

1. Aritzia (TSX:ATZ), $3.9 billion
2. TransAlta Renewables (TSX:RNW), $4.5 billion
3. Granite Real Estate Investment Trust (TSX:GRT.UN), $5.2 billion
4. Teck Resources (TSX:TECK.B), $21.2 billion
5. Dollarama (TSX:DOL), $21.6 billion
6. Fortis (TSX:FTS), $29 billion
7. Loblaw (TSX:L), $38.7 billion
8. Cenovus Energy (TSX:CVE), $48.5 billion
9. Alimentation Couche-Tard (TSX:ATD), $52 billion
10. Suncor Energy (TSX:SU), $64.4 billion
11. Brookfield Asset Management (TSX:BAM.A), $94 billion
12. Canadian National Railway (TSX:CNR), $100.1 billion

(MARKET CAPS AS OF JULY 1, 2022)

## Why We Love These Stocks for Canadian Investors

### Aritzia

What it does: Aritzia sells "everyday luxury" clothing (primarily for women) across 100+ boutiques in Canada and the United States.

By Stephanie Bedard-Chateauneuf: Thanks to its strong leadership team with a track record of successful execution, **Aritzia** (TSX:ATZ) has a healthy balance sheet. The clothing company's brand is becoming more recognized, and it continues to expand in the U.S. with plenty of runway for further growth. Management plans to open eight to 10 stores in fiscal 2023, mostly in the States.

Aritzia is also experiencing strong e-commerce growth. Longer-term, management's goal is to increase e-commerce revenue to more than 50% of the business.

With a P/E of 24.7, Aritzia isn't exactly a cheap retail stock, but the share price is currently trading below its historical average, according to Bloomberg.

Aritzia is set to report Q1 2023 financial results on July 7. If the company beats estimates, shares could have a boost.

*Fool contributor Stephanie Bedard-Chateauneuf has no position in Aritzia. The Motley Fool recommends Aritzia.*

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## TransAlta Renewables



What it does: TransAlta Renewables acquires, develops, and operates wind, natural gas, hydro and solar power plants.

By Puja Tayal: The energy industry is shifting from fossil fuel to renewables as the United States and Europe pledge to reduce carbon emissions by 2030. The demand for renewable energy is growing beyond the usual industries, offices, and residences and into new opportunities such as electric vehicle (EV) charging stations and crypto mining farms.

However, the global energy crisis spurred by the Russia-Ukraine war has shifted investors' focus to oil stocks and pulled down **TransAlta**'s (TSX:RNW) shares. The company is currently trading around the same price it was in September 2020, washing away gains from the U.S. clean energy bill. However, TransAlta's business fundamentals are strong, and the government's support for renewable energy is unchanged. I think now is the right time to buy the stock and enjoy its 5.6% dividend yield.

*Fool contributor Puja Tayal has no position in TransAlta Renewables.*

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## Granite Real Estate Investment Trust

What it does: Granite REIT owns and manages 57.3 million square feet of logistics, industrial, and manufacturing properties across North America and Europe.

By Robin Brown: After a 25% decline in its stock, **Granite REIT** (TSX:GRT.UN) looks downright cheap. Today, it trades at a discount to other U.S. industrial REITs. Likewise, its stock is the cheapest it's been since the pandemic.

Despite rising interest rates, Granite has a rock-solid balance sheet with long-dated debt (locked-in at very low rates) and more than $1 billion of liquidity. Inflation continues to rise, but the company continues to see double-digit rental rate growth.

This will more than support the company's current 3.9% dividend yield. The REIT has raised its dividend annually for the past 12 consecutive years. For a defensive dividend-growth stock, Granite REIT is a great choice to own for the long term.

*Fool contributor Robin Brown owns shares of Granite REIT. The Motley Fool recommends Granite REIT.*

## Teck Resources

What it does: Teck Resources is a diversified natural resources company that works primarily in mining and minerals.

By Amy Legate-Wolfe: Market volatility is not only the order of the day, but economists think a recession could also be coming. It's a smart time to get into defensive stocks like **Teck Resources** ( TSX:TECK.B). The company is involved with natural resources including gas, steel-making coal, copper, zinc, silver and more. These natural resources will remain vital ingredients to industry no matter what the economic future holds.



Teck Resources offers a 1.2% dividend, and its shares have continued to *climb* this year, not fall along with almost all the others. The stock is currently up 17% year to date, far outpacing the TSX. And it remains a long-term winner any investor should consider holding for the duration: It's up 520% in the past two decades.

*Fool contributor Amy Legate-Wolfe has no position in Teck Resources.*

## Dollarama

What it does: Dollarama operates a chain of value stores across Canada.

By Vineet Kulkarni: In the face of a volatile market, **Dollarama** (TSX:DOL) stock has stood strong and is rallying to all-time highs.

Dollarama operates more than 1,400 stores across Canada, significantly more than its peers. Shares have gained 32% since last year, notably outperforming the TSX.

Dollarama offers its shoppers great values, which becomes all the more desirable in an inflationary environment like today's. As a result, the discount retailer enjoys stable revenue and earnings growth in almost all economic cycles. Thus, investors perceive it as a safe haven and take shelter in DOL when the broader markets turn rough.

If the economy indeed slips into a recession, as many fear it will, Dollarama will likely continue to beat the market thanks to its stable earnings and less volatile stock.

*Fool contributor Vineet Kulkarni has no position in Dollarama.*

## Fortis

What it does: Fortis is a Canadian electric and gas company in the utilities sector.

By Tony Dong: Given the market volatility, my stock pick for the month is a low-beta dividend aristocrat. Low-beta stocks are those with less sensitivity to the overall stock market, and dividend aristocrats are companies that have paid at least 25 years of consecutive dividend payments. **Fortis** ( TSX:FTS) fits this description well, with a five-year monthly beta of 0.11 and a five-year average dividend yield of 3.6%. Currently, the company pays a dividend of $2.11 per share for a forward annual yield of 3.6%. Fortis has outperformed the TSX since it went public and continues to serve as a great low-volatility, blue-chip stock in many dividend growth investors' portfolios.

*Fool contributor Tony Dong has no position in Fortis. The Motley Fool recommends Fortis.*

## Loblaw Companies



What it does: Loblaw Companies operates corporate and franchise-owned supermarkets and associate-owned drug stores.

By Jitendra Parashar: **Loblaw Companies** (TSX:L) is my top stock pick for July. The shares continue to outperform the broader market, having risen more than 11% year to date compared with the TSX's 11% loss. As the broader market selloff continues to accelerate amid concerns about a looming recession, investing in essential goods and services providers like Loblaw could be a wise decision. Although inflationary pressures might trim its profitability in the near term, I expect continued demand for its essential products to help it maintain a positive earnings growth trend and drive its stock higher.

*Fool contributor Jitendra Parashar has no position in Loblaw Companies.*

## Cenovus Energy

What it does: Cenovus Energy extracts and sells oil and gasoline.

By Andrew Button: **Cenovus Energy** (TSX:CVE) stock is basically a bet on oil prices. WTI Crude dipped last month, but taking a long-term view, oil looks set for a solid year. One of the big factors contributing to the recent dip in oil prices was the U.S. Strategic Petroleum Reserve release. That added some supply to the market, but it won't last forever; there is only so much oil in the reserve. In the meantime, OPEC is out of spare capacity and the EU still plans to cease 90% of Russian oil imports by the end of the year. So, oil will likely end the year strong.

Cenovus Energy benefits from high oil prices because it extracts and sells oil. Its business is based on selling oil, as well as selling gasoline at gas stations. Business is booming this year. In its most recent quarter, CVE's cash from operations increased 499%, and net income increased 639%. It was a strong showing, yet CVE stock still trades at just 8 times operating cash flow. Definitely an oil play worth considering in July.

*Fool contributor Andrew Button has no position in Cenovus Energy.*

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## Alimentation Couche-Tard

What it does: Alimentation Couche Tard operates 15,000 convenience stores and gas stations across the world under the brands Couche-Tard, Circle K and Ingo.

By Vishesh Raisinghani: Summer is driving season across North America. In 2022, this is probably the first “normal” summer since the pandemic. That means a rebound in demand for travel and fuel, which is a tailwind for **Alimentation Couche-Tard** (TSX:ATD). The company is well-positioned to benefit from rising fuel prices and relentless demand. The stock has been overlooked, which is why it’s so cheap today. It’s trading at just 16.7 times earnings per share. Couche-Tard could be an ideal target for investors seeking a safe haven during market turmoil in the months ahead.

*Fool contributor Vishesh Raisinghani owns Alimentation Couche-Tard. The Motley Fool has positions in and recommends Alimentation Couche-Tard*.



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## Suncor Energy

What it does: The integrated energy company produces, refines, and sells crude oil.

By Sneha Nahata: Shares of **Suncor Energy** (TSX:SU) have gained nearly 62% in one year. Despite this increase in value, higher commodity prices make me optimistic about Suncor’s growth prospects over the next couple of years. Further, strong demand and higher production and utilization rates will likely support its growth.

What’s more, Suncor’s focus on optimizing its integrated assets portfolio, divesting non-core businesses, and reducing cash operating costs per barrel bode well for growth. The company’s accelerated pace of debt reduction, share buybacks, and solid dividend payments are positives, as well.

*Fool contributor Sneha Nahata has no position in Suncor Energy.*

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## Brookfield Asset Management

What it does: This asset manager focuses on real estate, renewable energy, infrastructure and private equity assets.

By Nicholas Dobroruka: **Brookfield Asset Management** (TSX:BAM.A) is as close to an index fund as you’ll find on the TSX. The company provides its shareholders with instant diversification from its wide-ranging portfolio of assets. But despite having a well-diversified business line, Brookfield Asset Management has managed to outperform the Canadian stock market’s returns on a consistent basis in recent years.

The short-term uncertainty in the stock market is why Brookfield Asset Management is on my watch list this month. The company could help provide my portfolio, which tends to skew toward high-growth tech stocks, with both diversification and stability during upcoming potentially volatile market conditions.

*Fool contributor Nicholas Dobroruka has no position in Brookfield Asset Management*. *The Motley Fool recommends Brookfield Asset Management*.

By Kay Ng: The market correction has finally brought BAM down to a decent price for investors seeking long-term price appreciation. Analysts are calling it a discount of about 29%.

The company pays a dividend yield of about 1.2%. However, BAM's real jewel is its ability to generate long-term returns on investments of 12% to 15%. In other words, buying shares in the large-cap growth stock now could lead to long-term annualized returns that are closer to 15%, if not higher.

*Fool contributor Kay Ng owns shares of Brookfield Asset Management*.

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### Canadian National Railway

What it does: The railroad operator has nearly 33,000km of track and rail spanning from British Columbia to Nova Scotia.



By Jed Lloren: You'd be hard pressed to find a Canadian who hasn't heard of **Canadian National Railway** (TSX:CNR).

A noted Canadian dividend aristocrat, CNR could provide investors with a stable dividend to help get through this shaky market. And with a five-year beta of 0.70, **Canadian National Railway** (TSX:CNR) is noticeably less volatile than the market as a whole. With steady growth potential and a reliable dividend to boot, this is one stock you shouldn't pass on this month.

*Fool contributor Jed Lloren has no position in Canadian National Railway. The Motley Fool recommends Canadian National Railway*.

## How to Invest in These Top Canadian Stocks

If you're new to investing, please read our beginner's investing guide. It will walk you through all the basics, including how much of your money is prudent to invest and how to find out which kind of stocks are right for you.

Our writers are excited about each of the stocks on this list, but they're probably not all up your alley. Start with the investment ideas that speak to you — and feel free to ignore the ones that don't.

Good luck and Fool on!

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2. Top TSX Stocks

**POST TAG**

1. pitch-general

**TICKERS GLOBAL**

1. TSX:ATD (Alimentation Couche-Tard Inc.)
2. TSX:ATZ (Aritzia Inc.)
3. TSX:BN (Brookfield)
4. TSX:CNR (Canadian National Railway Company)
5. TSX:CVE (Cenovus Energy Inc.)
6. TSX:DOL (Dollarama Inc.)
7. TSX:FTS (Fortis Inc.)
8. TSX:GRT.UN (Granite Real Estate Investment Trust)
9. TSX:L (Loblaw Companies Limited)
10. TSX:RNW (TransAlta Renewables)
11. TSX:SU (Suncor Energy Inc.)
12. TSX:TECK.B (Teck Resources Limited)

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