Top TSX Stocks to Buy in August 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.]

14 Top TSX Stocks for August 2022 (Smallest to Largest)

1. Well Health Technologies (TSX:WELL), $773 million
2. MDA (TSX:MDA), $1 billion
3. Freehold Royalties (TSX:FRU), $2.2 billion
4. Cargojet (TSX:CJT), $2.6 billion
5. Winpak (TSX:WPK), $3 billion
6. Choice Properties REIT (TSX:CHP.UN), $4.7 billion
7. B2Gold (TSX:BTO), $4.7 billion
8. Canadian Utilities (TSX:CU), $11.2 billion
9. Brookfield Renewable Partners (TSX:BEP.UN), $13.3 billion
10. George Weston (TSX:WN), $22.3 billion
11. Brookfield Infrastructure Partners (TSX:BIP.UN), $23.4 billion
12. Fortis (TSX:FTS), $29 billion
13. Brookfield Asset Management (TSX:BAM.A), $104.3 billion
14. Canadian National Railway (TSX:CNR), $110.1 billion

(MARKET CAP AS OF AUGUST 1, 2022)

Why We Love These Stocks for Canadian Investors

Well Health Technologies

What it does: This omni-channel company is digitizing and transforming health care.

By Karen Thomas: Calling all bargain-hunters! The pandemic excitement has faded for **Well Health Technologies** (TSX:WELL). The stock is back to mid-2020 levels, and we no longer hear much about this once high-flying company. But that doesn't mean its investment opportunity has disappeared — in fact, it means you now have the opportunity to buy this health care tech stock on the cheap once again.

The case for investing in Well Health is pretty simple, because the digitization of the health care system was never simply a pandemic phenomenon. It was and is, in fact, the future of health care. The company's latest results show that this trend is alive and well despite investors' loss of interest: Last quarter, revenue rose 395%, and the company expects next quarter's revenue to double. You might want to grab shares of this Canadian small cap stock … before it gets any bigger.

MDA

What it does: MDA develops and sells advanced space technology and services.

By Vishesh Raisinghani: The terrestrial economy may be slowing down, but the space race is heating up. China has been rapidly expanding its modular space station and is even planning missions to the moon and Mars. The European Space Agency and the U.S.'s National Aeronautics and Space Administration (NASA) are ramping up several space missions scheduled for the months ahead.

Canadian space tech giant **MDA** (TSX:MDA) could provide vital services and instruments for these future missions. It's already developing the Canadarm 3, a robotic arm for the NASA lunar gateway mission Artemis II. NASA expects to launch Artemis I on August 29. If that mission is successful, it could improve the chances of Artemis II, which could serve as a tailwind for MDA stock.

MDA currently trades at 1.96 times annual sales, which makes it a relatively cheap bet on the development of an exciting new industry.

Fool contributor Vishesh Raisinghani owns shares of MDA.

Freehold Royalties

What it does: Freehold earns royalties from energy companies that produce oil and natural gas on its properties in Western Canada and the United States.

By Daniel Da Costa: With energy prices and, consequently, energy stocks pulling back from their highs over the last six weeks, now is an excellent time for you to buy the dip. In **Freehold Royalty**'s (TSX:FRU) case, the stock has fallen roughly 20% from its high, and it seems as if a recession is already priced into the shares.

Investing in Freehold now not only allows you to start (or add to) a position while the shares are undervalued, but you can also lock in Freehold's attractive 6.9% dividend yield. And with the stock expected to earn about $1.89 of free cash flow per share this year, Freehold's current payout ratio is just 51%. Given this impressive value, Freehold is one of the best TSX stocks to buy right now in my book.

Fool contributor Daniel Da Costa owns shares of Freehold Royalties. The Motley Fool recommends Freehold Royalties.

Cargojet

What it does: Cargojet is Canada's leading time-sensitive air cargo service provider.

By Sneha Nahata: Flying anywhere is a nightmare this summer — for passengers at least. But as passenger airlines that also carry cargo in their bellies are struggling with staff shortages, dedicated freighter service providers like **Cargojet** (TSX:CJT) are likely to capitalize on the spike in demand.

Its growth runway looks good: Despite the softness in e-commerce trends, Cargojet's revenue rose 43% in Q2. Adjusted EBITDA and free cash flows increased at a double-digit rate. And with continued momentum in its ACMI (Aircraft, Crew, Maintenance, and Insurance) and charters businesses, Cargojet has successfully diversified its revenue base. The company continues to expand the list of customers it serves, which includes DHL, Canada Post, Amazon, and UPS.

Finally, Cargojet's balance sheet is in strong shape, with leverage at an all-time low. You just might want to invest in Cargojet before its shares take flight.

The Motley Fool has positions in and recommends Cargojet. The Motley Fool recommends Amazon. John Mackey, CEO of Whole Foods Market, an Amazon subsidiary, is a member of The Motley Fool's board of directors.

Winpak

What it does: Winpak makes and distributes packaging material throughout North America and around the world.

By Amy Legate-Wolfe: **Winpak** (TSX:WPK) has been one of the few winners on the TSX lately. It's thanks to the company's vast partnerships with companies around the world, providing packaging for products as diverse as fresh produce and machinery.

Packaging is one of those stable industries that will continue to be necessary, no matter what happens to the economy — which is why Winpak remains a great buy today even as it climbs ahead of the rest.

Shares are beating the index and are up 27% year to date. While the stock isn't in value territory, trading at about 20 times earnings, sometimes the best investments you can make are in excellent companies that don't seem cheap by traditional standards.

Net income rose 18% year over year in the company's most recent quarter, even as inflation weighed on earnings. Management expects the positive growth in sales will continue for the rest of the year.

Choice Properties REIT

What it does: Choice Properties is Canada's largest REIT with a portfolio of 701 properties. About 79% of its assets are retail, and the remaining are industrial and residential.

By Puja Tayal: While most Canadians have been absorbed with news about the housing market, shares of Canada's biggest real estate property trust, **Choice Properties** (TSX:CHP.UN), have quietly slipped about 12% from their April high, which looks like a deal to me.

Rising interest rates pulled down the fair market value of Choice's assets in the second quarter, putting downward pressure on the shares. But the change in Choice Properties' stock price doesn't affect its rental income: It renewed 42 out of 44 retail leases with its largest tenant, Loblaw, for 7.7 years. The renewed leases have an average rent hike of 5%.

The REIT also sold six office buildings to Allied Properties, which will reduce its rental income but not its distributions. Investing now will get you a 5.3% distribution yield, along with the chance for your investment to grow in an economic recovery.

B2Gold

What it does: B2Gold is an international senior gold producer that operates in West Africa.

By Vineet Kulkarni: Driven by the strength of the U.S. dollar, gold prices have been notably weak this year. This has pushed gold mining stocks like **B2Gold** (TSX:BTO) to 20-month lows. Although gold prices may not recover right away, patient investors could do well by investing in this hard-hit sector today.

B2Gold stock is trading for about 9 times earnings, which is way discounted compared with peer gold miner stocks. Plus, at 4%, it offers one of the highest dividend yields across the board.

If the Fed changes its aggressive stance for the rest of the year and reverses interest rate hikes, gold prices will likely move toward record levels. In that case, gold stocks like BTO could experience superior financial growth — and rallying stock prices.

The Motley Fool recommends B2Gold.

Canadian Utilities

What it does: Canadian Utilities is an electric and gas company.

By Tony Dong: I'm a big fan of low-beta stocks, ones that have less volatility compared with the overall market. A great pick here is **Canadian Utilities** (TSX:CU), which currently has a five-year monthly beta of 0.56. Compared with the overall TSX, Canadian Utilities is about half as volatile, making it a good core portfolio holding.

The company is also a long–standing dividend aristocrat, having paid out and grown dividends for a consecutive 50 years! Currently, the stock pays a forward annual dividend yield of 4.51%, with a five-year average dividend yield of 4.67%. This is much higher than the TSX utility sector average. If you're seeking passive income from your investments, Canadian Utilities should be on your shopping list.

Brookfield Renewable Partners

What it does: Brookfield Renewable Partners is a world-leading renewable energy provider with hydroelectric, wind, solar and storage facilities.

By Jed Lloren: The world continues to shift toward renewable sources of energy. **Brookfield Renewable Partners** (TSX:BEP.UN) is one of the companies enabling that shift. This company operates a diverse portfolio of facilities capable of generating more than 21 GW of renewable power. Brookfield Renewable estimates that it will more than double its current generation capacity after it wraps up some current construction projects.

In terms of its stock performance, Brookfield Renewable has been exceptional. Since its IPO, this stock has generated a compound annual growth rate (CAGR) of 17%. In addition to its outstanding capital appreciation over the years, the company has managed to establish itself as a reliable dividend stock. This makes Brookfield Renewable a suitable candidate for growth and dividend portfolios alike. Over the past 11 years, Brookfield Renewable has grown its dividend at a CAGR of 6%.

Fool contributor Jed Lloren owns shares of Brookfield Renewable Partners.

By Nicholas Dobroruka: Renewable energy is an area of the market that I'd urge all long-term investors to own. Now, with many TSX renewable energy stocks trading at a discount, it's a wise time to start a position.

If I could own just one renewable energy company for the next couple of decades, it would be **Brookfield Renewable Partners** (TSX:BEP.UN). It's an easy way to gain broad diversification to the growing industry.

In addition to having an international presence, Brookfield Renewable Partners also offers its global customers a range of green energy solutions.

With shares currently down 10% from 52-week highs, long-term investors will want to act fast if they're hoping to take advantage of this discount. At the rate the stock has been performing as of late, it won't be long before shares are back to all-time highs.

Fool contributor Nicholas Dobroruka owns shares of Brookfield Renewable Partners.

George Weston

What it does: This holding company operates two subsidiaries: Loblaw, the largest grocer in Canada, in which it has a controlling stake; and Choice Properties REIT.

By Stephanie Bedard-Chateauneuf: **George Weston** (TSX:WN) is returning money to shareholders. Under an automatic share-buyback plan announced earlier this summer, the holding company will repurchase about 5% of it shares until May 24, 2023.

It has ample cash to do so: Late last year, George Weston began to focus on its retail and real estate businesses, selling the fresh and frozen portion of Weston Foods in October 2021. The sale added about $1.57 billion to its balance sheet.

Canadians' gradual return to work throughout 2022 should increase consumer demand for beauty and cosmetic products, which are some of the higher-margin goods the company sells. In addition, rising traffic to its drug stores should increase same-store sales.

Fortis

What it does: The utility supplies electricity across Canada, the U.S. and the Caribbean.

By Andrew Button: **Fortis** (TSX:FTS) is exactly the type of stock you want to own when markets are shaky. As a utility, it enjoys highly stable revenue. In its most recent quarter, FTS managed 1.2% earnings growth and 11.6% revenue growth. (If 1.2% earnings growth doesn't sound impressive to you, remember that the first quarter was a tough one for many banks, tech firms, and airlines. Many of those stocks saw their earnings decline in the same period. Energy stocks and utilities like Fortis did comparatively well.)

Fortis is well known for its steady and consistent dividend, which yields about 3.6%. Management aims to increase the dividend by 6% per year over the next five years. So, if you buy it today, and everything goes well with the company, your income from holding FTS stock could grow significantly. In a frantic market like this one, it might be just the right asset to calm your nerves.

The Motley Fool recommends Fortis.

Brookfield Infrastructure Partners

What it does: Brookfield Infrastructure Partners is a global leader in operating, managing, and acquiring diversified essential infrastructure assets.

By Robin Brown: If you are worried about high inflation, Brookfield Infrastructure Partners (TSX:BIP.UN) is a top stock to own. The company is naturally hedged because it owns essential assets that are geographically diversified. As a result, it earns consistent cash flows.

More than 70% of its assets have inflation-hedged contracts. When inflation soars, so too does its contracted rates of cash flow. In addition, it benefits from higher volumes of commodities and goods through its midstream, export, shipping, and railroad networks.

If we hit a recession, BIP can use its strong balance sheet to swipe up assets at cheaper valuations. It did this in 2009 — and it's driven nearly 700% total returns since. For a combination of attractive dividends (3.7% yield), solid growth, and defensive qualities, BIP is a top stock to buy today.

Fool contributor Robin Brown has positions in Brookfield Infrastructure Partners. The Motley Fool recommends Brookfield Infrastructure Partners.

Brookfield Asset Management

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

By Kay Ng: Although shares have bounced back a bit from last month, **Brookfield Asset Management** (TSX:BAM.A) remains undervalued, and now is a great buying opportunity for investors who are looking for long-term price appreciation. Based on the current valuation, the analyst consensus price target represents near-term upside potential of about 39%.

The company's dividend yield of about 1.2% is a bonus on top of that because most of the returns from the stock should come from price appreciation.

BAM is planning to spin off its asset-management business by the end of the year, which is expected to create value for shareholders.

Fool contributor Kay Ng owns shares of Brookfield Asset Management.

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 Andrew Walker: **Canadian National Railway** (TSX:CNR) is the only railway in Canada and the United States with tracks connecting ports on three coasts.

The company just showed investors that it has the power to pass rising costs through to customers — an important consideration for investors seeking top stocks to buy in an era of high inflation.

CN generated record revenue of $4.34 billion in the second quarter of 2022, up 21% from the same period a year earlier. Operating income jumped 28% and earnings per share (EPS) rose 30% on an adjusted basis.

Management confirmed guidance for 15-20% EPS growth this year and for free cash flow of $3.7

billion to $4.0 billion. All that cash could support a generous dividend increase in 2023, and CN has already raised the payout by 19% for 2022.

CN stock is off its recent low, but the shares are still attractive for a buy-and-hold investor today.

Fool contributor Andrew Walker owns shares of 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!

CATEGORY

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POST TAG

1. pitch-general

TICKERS GLOBAL

1. NASDAQ:AMZN (Amazon.com Inc.)
2. NYSE:UPS (United Parcel Service)
3. TSX:AP.UN (Allied Properties Real Estate Investment Trust)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
6. TSX:BTO (B2Gold Corp.)
7. TSX:CHP.UN (Choice Properties Real Estate Investment Trust)
8. TSX:CJT (Cargojet Inc.)
9. TSX:CNR (Canadian National Railway Company)
10. TSX:FRU (Freehold Royalties Ltd.)
11. TSX:FTS (Fortis Inc.)
12. TSX:L (Loblaw Companies Limited)
13. TSX:MDA (MDA Ltd.)
14. TSX:WELL (WELL Health Technologies Corp.)
15. TSX:WN (George Weston Limited)
16. TSX:WPK (Winpak Ltd.)

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