Top TSX Stocks to Buy in October 2022

Description

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

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

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

1. **Cineplex,** $548.7 million
2. **MDA,** $814.2 million
3. **NorthWest HealthCare Properties REIT,** $2.5 billion
4. **CT Real Estate Investment Trust,** $3.5 billion
5. **Aritzia,** $5.7 billion
6. **Brookfield Renewable Partners,** $11 billion
7. **Magna International,** $20.2 billion
8. **Dollarama,** $23.1 billion
9. **Tourmaline Oil,** $25.2 billion
10. **Fortis,** $24.7 billion
11. **Telus,** $39.5 billion
12. **BCE,** $55 billion
13. **Bank of Nova Scotia**, $90 billion
14. **Enbridge**, $116.06 billion

(MARKET CAP AS OF October 18, 2022)

Why We Love These Stocks for Canadian Investors

Cineplex

What it does: Cineplex runs a chain of theatres and location-based entertainment venues in Canada.

By Vineet Kulkarni: **Cineplex** (TSX:CGX) stock has lost 32% this year, and I think the downside from here looks limited because there are two key triggers could drive the price higher. The first is the company's financial recovery after covid, as suggested by the increasing attendance at its movie theatres. Revenue has increased a massive 418% year over year in the last 12 months (although of course the comparison year set a low bar). I expect the trend to continue and drive up profitability, a key to shareholder value.

Moreover, a massive settlement owed by Cineworld could change Cineplex's prospects in a big way. Cineworld has declared bankruptcy, which has delayed the settlement. But the $1.24 billion in damages that's been awarded to CGX should improve its balance sheet significantly.

I think Cineplex stock is likely to break through the roof if both triggers materialize in the next few months.

Fool contributor Vineet Kulkarni has no position in Cineplex. The Motley Fool recommends Cineplex.

MDA

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What it does: MDA provides space technology services such as geointelligence, robotics and space operations, and satellite systems.

By Vishesh Raisinghani: While the global economy is slowing down, the space race is heating up. Western countries are spooked by China's recent advancements, and companies are finally finding new use cases for advanced space tech. This has unleashed a massive tailwind for service providers such as **MDA** (TSX:MDA).

MDA's order book surged 138%, to $1.5 billion, this year. One of those orders is for a constellation of satellites that will power the latest iPhone's Emergency SOS feature. Put simply, MDA is on a robust growth trajectory that in my opinion simply isn't reflected in its stock price. MDA is currently trading at a favorable price-to-sales ratio, which is why I think it deserves your investment dollars this October.

Fool contributor Vishesh Raisinghani has a position in MDA.

NorthWest HealthCare Properties REIT

What it does: NorthWest is a real estate investment trust that focuses on international healthcare properties.

By Amy Legate-Wolfe: I think **NorthWest Healthcare Properties REIT** (TSX:NWH.UN) is one of the best deals on the TSX right now. Shares continue to drop for REITs like this one, but that's only giving long-term investors the option to buy now for a chance at superior returns. What's more, you can lock in an insanely high 7.74% dividend yield as of writing.

And just because shares are down doesn't mean the company hasn't been performing. In fact, it continues to boast a 14.1-year average lease agreement. It trades at just 5.2 times earnings, all while maintaining a 97% occupancy rate for its growing portfolio.

But what's so attractive about this stock right now is that it's also *safe*. NorthWest offers that fantastically high yield, but it's supported by long-term agreements. Furthermore, it would take just 88.4% of its equity to cover all its debts right now. With shares down 22% year-to-date, I'd say it's the perfect time to pick up and hold this dividend stock.

Fool contributor Amy Legate-Wolfe has a position in NorthWest Healthcare Properties REIT. The Motley Fool recommends NorthWest Healthcare Properties REIT.

CT Real Estate Investment Trust

What it does: CT REIT is the retail REIT of **Canadian Tire** (TSX:CTC.A). It has more than 350 properties across Canada, the majority of them leased to Canadian Tire.

By Puja Tayal: The strength and the weakness of CT REIT is Canadian Tire. It earns 92.2% of its gross rental revenue from the retailer, which helps it enjoy a 99.4% occupancy rate and weighted average lease terms of 8.6 years.

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The REIT has been increasing its distributions annually since 2014 at a compound annual growth rate (CAGR) of 3.2%. Despite growing distributions, its payout ratio is 75.1%, which suggests that the distribution growth is sustainable.

The bear market of 2022 has pulled down the stock price of CT REIT, inflating the distribution yield to 5.7%. This stock is a good pick for your passive income portfolio at the current price.

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

Aritzia

What it does: Aritzia is a Vancouver-based apparel designer and retailer focused on everyday luxury clothing.

By Jitendra Parashar: **Aritzia** (TSX:ATZ) is my top stock to buy in October. After losing nearly 32% of its value in the second quarter, the share price staged a sharp recovery in the third quarter. Notably, Aritzia's shares inched up 30% in the September quarter against a 2.2% drop in the TSX Composite benchmark.

In the past year, Aritzia has accelerated its U.S. market expansion strategy by focusing on both its retail and e-commerce channels. Even with the expansion, the company's logistics team has handled the ongoing supply chain disruptions remarkably well so far.

These are some of the key reasons I expect sales to rise during the coming holiday season and help

Aritzia bolster its financial growth. Given the company’s attractive business outlook, I think the stock looks enticing, especially when it’s still down 2% year to date at $52 per share.

Fool contributor Jitendra Parashar has no position in any of the stocks mentioned. The Motley Fool has positions in and recommends Aritzia.

Brookfield Renewable Partners

What it does: Brookfield Renewable Partners owns and operates renewable power assets including hydroelectric, wind, solar and storage facilities that are spread across the globe.

By Nicholas Dobroruka: Any investor who’s been considering **Brookfield Renewable Partners** (TSX:BEP.UN) would be wise to act fast while shares are trading at an opportunistic discount. The green energy stock dropped a surprising 10% in September, has continued to lose ground, and is now trading 24% below its 52-week high.

Other than the recent slump, shares have been trading mostly sideways since early 2021, treading water while the broader market has been selling off. Yet over the past five years, Brookfield Renewable Partners’ growth of 95% has more than doubled the returns of the S&P/TSX Composite Index. And that’s not even including the energy company’s impressive 4.2% yield at today’s stock price.

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If you’re looking to invest in the growing renewable energy sector, this is the company to own. Brookfield Renewable Partners is a global leader loaded with long-term growth potential, and it’s based right in our backyard.

Fool contributor Nicholas Dobroruka has a position in Brookfield Renewable Partners.

Magna International

What it does: Magna International supplies automotive components – like body exteriors, power, and vision – and third-party automotive manufacturing services. It has partnered with 24 of the top 25 electric vehicle makers.

The global automotive industry has suffered with the chip supply shortage and the general economic slowdown — and **Magna**‘s (TSX:MG) stock has been in the red in 2022 because of it. Yet I think the shares offer strong growth potential to investors who are willing to buy now and hold on.

In a bright spot, EV demand remains solid. Global EV sales are expected to increase at a compound annual growth rate of 24.5% during the 2022-2028 forecast period. I think Magna will see a growth spurt as EV momentum builds. In the meantime, you can lock in a dividend yield of 3.3%.

The Motley Fool recommends Magna International.

Dollarama

What it does: Dollarama is Canada's largest discount dollar store.

By Stephanie Bedard-Chateauneuf: **Dollarama** (TSX:DOL) is a great place to invest your money while inflation persists. Previously announced price hikes should help mitigate the inflationary pressure, and management has done an excellent job directing the company in a tough economic climate — even posting earnings in early June that were above expectations.

Despite the fact that the overall Canadian market has been bearish this year, the company has been resilient through the first half, growing nearly 30%. And Dollarama's stock has routinely outpaced that of the larger Canadian market over the past five years.

Dollarama remains Canada's discount retail leader and should profit during times of rising inflation. Beyond that, the company's solid operations and expansion into South America should also serve patient investors well.

Fool contributor Stephanie Bedard-Chateauneuf has a position in Dollarama.

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Tourmaline Oil

What it does: With more than 500,000 barrels of oil equivalent (BOE) per day under production, Tourmaline Oil is one of the largest natural gas and midstream companies in Canada.

By Robin Brown: **Tourmaline Oil** (TSX:TOU) is one of Canada's largest and most strategic producers of natural gas. The company has long-life, low-cost assets that are expanding production at a solid 5% annual rate. It has access to some of the highest-priced markets in North America.

What's more, Tourmaline is the poster child for the Canadian oil and gas industry, having already achieved its net zero debt targets. Consequently, most of its free cash flow is being given right back to shareholders.

It only pays a 1.3% base dividend yield, but its special dividends equate to an 8% dividend yield this year. Tourmaline is not the cheapest Canadian energy stock out there, but it is one of the best. In my experience, owning high-quality stocks like Tourmaline always pays off over time.

Fool contributor Robin Brown has positions in Tourmaline Oil.

Fortis

What it does: Fortis is a leading North American regulated gas and electric utility company with $60 billion in assets serving customers in Canada, the U.S., and the Caribbean.

By Karen Thomas: There's no better way to fight inflation and recessionary pressure than with **Fortis** (TSX:FTS) — this defensive business will continue to chug along even in a weak economy.

The stock has declined a bit this year, largely due to the general economy. But at the same time, Fortis has continued to deliver as a business. Earnings per share rose 3.6% in its latest quarter, and its dividend jumped 6%, making this the 49th consecutive year of increased dividends.

Fortis is my top stock pick for October because of the company's predictability, stability, and its generous dividend yield of 4.4%. If you're craving safety, look no further.

Fool contributor Karen Thomas has no position in any of the stocks mentioned. The Motley Fool recommends Fortis.

Telus

What it does: One of the Big Three Canadian telecoms, Telus connects consumers across Canada through its telecommunications and IT products and services.

By Jed Lloren: With inflation continuing to make things more expensive, consumers are actively looking for ways to cut back their spending. Although that could be a big problem for retail companies, businesses that provide essential services such as telecommunications shouldn't be as affected.

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Telus (TSX:T) is one of the largest telecom providers in Canada, with a network that accounts for 99% of the population. Even if inflation continues to rise, phone and Internet services may be one of the last things consumers will cut, so Telus's offerings have relative safety.

Fool contributor Jed Lloren has no position in any of the stocks mentioned. The Motley Fool recommends Telus.

BCE

What it does: BCE is Canada's largest communications firm with assets including wireless and wireline networks, TV channels, retail outlets, and even ownership positions in pro sports franchises.

By Andrew Walker: **BCE** (TSX:BCE) is so widespread that most Canadians probably use one of its assets, either directly or behind the scenes, every day. BCE continues to run new fibre optic lines to customers' doorsteps while also building out its 5G mobile network. These initiatives should drive revenue expansion and defend BCE's competitive moat.

The stock looks oversold after a recent pullback and should be a good choice right now for buy-and-hold investors seeking high dividend yields.

Fool contributor Andrew Walker has a position in BCE.

Bank of Nova Scotia

What it does: The bank provides financial services worldwide with a focus on Canada, the U.S., and the Pacific Alliance region.

By Kay Ng: Countries around the world are dealing with high inflation and rising interest rates. Both of these factors discourage business investments and consumer spending: Growth projects have simply become less attractive for businesses, and consumers spend less as prices rise along with inflation and interest rates.

This economic environment has pressured stocks, including **Bank of Nova Scotia** (TSX:BNS), which I think is undervalued at $66 per share at writing. So not only do investors today get a deal on the stock price, but the company also pays a dividend of 6.2%, which is attractive for passive income. As for safety, the bank has paid a dividend since 1833!

Fool contributor Kay Ng has a position in Bank of Nova Scotia. The Motley Fool recommends Bank of Nova Scotia.

Enbridge

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What it does: Enbridge transports oil and gas via pipelines. It also operates as a natural gas utility.

By Andrew Button: **Enbridge** (TSX:ENB) is my top stock for October. We are in a pretty healthy oil market right now, with countries winding down the emergency energy sales they'd been doing to combat higher prices. OPEC is looking into cutting production. These factors tend to suggest that oil prices will head higher.

With that said, you can never be too sure. The U.S. was supposed to end its emergency oil sales in October, though they've been extended to November. If the U.S. keeps extending its emergency sales, oil prices might fall.

What should investors do in this environment? One strategy is to buy pipeline companies like Enbridge. These companies lock in contracts that often last more than 10 years. Customers simply lease the right to use the pipe to ship its oil; the pipeline company does not sell oil itself. This makes pipelines like Enbridge generally less sensitive to oil prices than exploration and production companies like **Suncor Energy** (TSX:SU). In 2020, when the pandemic caused oil prices to plummet, Enbridge earned $3.4 billion – Suncor lost billions that same year. This is an example of how pipelines like Enbridge can provide investors a less volatile ride than integrated energy companies when there's a lot of risk and uncertainty in the market.

Fool contributor Andrew Button has no position in any stocks mentioned. The Motley Fool recommends Enbridge.

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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TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:CGX (Cineplex Inc.)
6. TSX:CRT.UN (CT Real Estate Investment Trust)
7. TSX:CTC.A (Canadian Tire Corporation)
8. TSX:DOL (Dollarama Inc.)
9. TSX:ENB (Enbridge Inc.)
10. TSX:FTS (Fortis Inc.)
11. TSX:MDA (MDA Ltd.)
12. TSX:MG (Magna International Inc.)
13. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
14. TSX:SU (Suncor Energy Inc.)
15. TSX:T (TELUS)
16. TSX:TOU (Tourmaline Oil Corp.)

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