9 Top TSX Stocks to Buy in January 2023

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.]

9 Top TSX Stocks for January 2023 (Smallest to Largest)

1. **Well Health Technologies Corp.,** $737.6 million
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3. **BlackBerry,** $2.97 billion
4. **Artizia,** $4.97 billion
5. **Nuvei,** $6.15 billion
6. **TELUS International,** $7.9 billion
7. **Dollarama,** $23.8 billion
8. **Constellation Software,** $48 billion
9. **Shopify,** $66.2 billion

(MARKET CAP AS OF January 16, 2023)

Why We Love These Stocks for Canadian Investors

Karen Thomas: Well Health Technologies Corp. (TSX:WELL)

Market cap: $737.6 million

What it does: Well Health is an omni-channel digital health company, offering digital healthcare solutions globally. It's also Canada's largest outpatient medical clinic network and telehealth provider.

Well Health Technologies Corp. (TSX:WELL) is a growth company that shows no signs of stopping.

Its revenue has grown from a mere $415,000 in 2017 to more than $300 million in 2021. In the first nine months of 2022, revenue was already more than $400 million, and in the third quarter it grew 47%.

Along with this rapid revenue growth, Well Health is also recording significant improvements in its margins. For example, its gross profit margin increased to 53.6% in the company's latest quarter, compared to 50.3% last year.

There's no doubt that this year will be a difficult one for the economy. Well Health is largely sheltered from that. I expect the company to continue to grow as it brings all of the benefits and cost savings that technology offers to the healthcare sector.

Fool contributor Karen Thomas has no positions in any of the stocks mentioned.

Amy Legate-Wolfe: WELL Health Technologies (TSX:WELL)

Market cap: $701.62 million

What it does: WELL stock is a digital health company, providing virtual healthcare options and end-to-end patient services.

WELL stock seemed to come around at the right time, and then at the wrong time. The digital healthcare company soared into prominence during 2020 as both a healthcare stock during the pandemic as well as a growing tech stock. Yet in the last year alone, shares have come down by 33% and even further from all-time highs.

This is exactly why I would consider it in 2023. WELL stock remains a solid option for those wanting access to the stability of the healthcare industry, while also the growth from the tech side. Virtual healthcare is too good a resource to ignore, with healthcare offices continuing to use Canada's largest outpatient clinic even after pandemic restrictions have dropped.

With shares down so low, I would certainly consider WELL stock as a solid growth stock for 2023 — especially as analysts give it a consensus target price that's more than double today's share price.

Fool contributor Amy Legate-Wolfe owns shares of WELL Health Technologies.

Puja Tayal: BlackBerry (TSX:BB)

Market cap: $2.97 billion

What it does: BlackBerry is a software services company in the cybersecurity and Internet of Things (IoT) space. A significant portion of cybersecurity revenue comes from government contracts, and IoT revenue comes from automotive.

BlackBerry (TSX:BB) stock more than halved in 2022 due to tech stock selloff. The weakness in automotive sales due to supply issues and a slowdown in the business environment reduced its revenue and earnings, keeping the stock closer to its 52-week low. But BlackBerry has over $500 million cash reserve that gives it financial flexibility to survive a recession. The longer sales cycle has pushed cybersecurity revenue to future quarters. Moreover, the company has a strong pipeline of automotive design wins that could materialize into significant revenue when automotive sales grow.

BlackBerry's growth is delayed, but when it picks up, the stock could double your money in a few months.

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

Robin Brown: Aritzia (TSX:ATZ)

Market cap: $4.97 billion

What it does: Aritzia provides "everyday luxury" clothing apparel primarily to women across Canada and the United States.

Aritzia (TSX:ATZ) came out with record-breaking revenues and earnings in its recent third-quarter 2023 results. Yet its stock is down nearly 10% ever since. Part of the issue is that Aritzia's inventory skyrocketed by 187% year over year. Investors got spooked that excessive amounts of discounting in the future may impact profit margins.

While management does see some margin compression in the near term, it continues to see very strong demand for its products. It raised its guidance and still expects 44% net revenue growth in fiscal 2023.

The company has a strong balance sheet with $131 million of cash available to continue its steady growth plan in the United States. The U.S. is a huge market, and Aritzia has a massive opportunity to keep expanding from here.

Fool contributor Robin Brown has positions in Aritzia.

Andrew Button: Constellation Software (TSX:CSU)

Market cap: $48 billion

What it does: Constellation Software is a technology holding company that invests in startups.

Constellation Software (TSX:CSU) is my top growth stock for January 2023. It is a technology holding company that invests in small startups, paying about $4 million per company on average. It spent $1.2 billion buying dozens of companies in the second quarter of 2022 alone! Constellation has a lot of things going for it.

Its chief executive officer Mark Leonard is a very well-regarded investor whose letters are widely followed by investors, much like Warren Buffett's are. Its business has performed pretty well over the long term, with 32% revenue growth and 27% earnings growth in the most recent quarter. Finally, the stock is not quite as expensive as some tech stocks out there, trading at 5.8 times sales and 28 times operating cash flows.

Don’t get me wrong; those are high multiples, but they’re far from the worst in the technology sector. I’m not particularly enthusiastic about growth stocks right now, but as far as growth stocks go, you can do much worse than CSU.

Fool contributor Andrew Button has no positions in the stocks mentioned.

Vineet Kulkarni: Nuvei (TSX:NVEI)

Market cap: $6.15 billion

What it does: Nuvei is a Canadian payment-processing company that operates in 200 markets and supports 150 currencies.

Canadian payment processor stock **Nuvei** (TSX:NVEI) is off to a great start in 2023. While markets at large have been subdued, NVEI stock has gained 30% since the beginning of the year.

The rally gained steam last week when the fintech company announced its agreement to acquire Paya Holdings. Paya provides integrated payment and commerce solutions, mainly in the business-to-business segment in the U.S.

Nuvei reported 15% top-line growth year over year in the last 12 months. The management expects over 30% revenue growth, along with healthy margins, in the long term. Nuvei’s diversified revenue base, scale, and constructive acquisitions will likely fuel decent earnings growth in the long term.

NVEI stock dropped 45% last year, lagging peer TSX tech stocks. As interest rate hikes might pause or reverse in the second half of 2023, growth stocks like NVEI should be in the limelight.

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

Kay Ng: TELUS International (TSX:TIXT)

Market cap: $7.9 billion

What it does: TELUS International provides end-to-end IT service solutions from idea generation to user experience or user interface design to the final delivery of the solution globally to a range of industries.

TELUS International (TSX:TIXT) was founded in 2005, but it wasn’t until February 2021 that **TELUS** spun off this business. It still owns a large stake in TELUS International, which is driving its revenue growth. Since 2019, TELUS International has more than doubled its revenue to $2.4 billion. Interestingly, its operating income increased at the same rate by rising 139% to $308 million.

The growth stock sold off in a rising interest rate environment last year. At $29.55 per share at writing, the valuation is attractive. The growth stock could revisit the +$40 level over the next couple of years for upside of at least 35%.

Fool contributor Kay Ng has positions in TELUS and TELUS International.

Demetris Afxentiou: Dollarama (TSX:DOL)

Market cap: $23.8 billion

What it does: Dollarama is the largest dollar store operator in Canada and has a growing presence in several Latin American markets.

Dollarama (TSX:DOL) is a great investment to own during times of volatility. Dollar stores thrive during times of high inflation, market pullbacks, and overall uncertainty, as consumers seek out more frugal options.

This dovetails nicely into Dollarama's unique fixed-price model, which provides a greater sense of value, and, by extension, higher sales. By way of example, in the most recent quarter, sales hit $1,289.6 million, reflecting a 14.9% bump over the prior period.

Those higher sales numbers continue to feed Dollarama's aggressive stance on expansion. It's also part of the reason why Dollarama is up over 30% over the trailing 12-month period while most of the market is flat or in the red.

Dollarama's international brand is also seeing robust growth. The company is targeting to have at least 600 stores within the next six years, up from its 395 existing locations, furthering the appeal of this long-term growth gem.

Fool contributor Demetris Afxentiou has no position in any of the stocks mentioned.

Jed Lloren: Shopify (TSX:SHOP)

Market cap: $66.2 billion

What it does: Shopify provides a platform and many of the tools necessary for merchants to operate online stores.

Shopify (TSX:SHOP) may not be one of the most popular stocks on the market right now — especially after it has fallen more than 60% over the past year. However, despite its struggles in the market in recent times, you can't deny the growth potential present in this company.

As it stands, very few Canadian companies have the same kind of market presence as Shopify. It helps more than one million merchants across the world operate online stores. That includes everyone from first-time entrepreneurs to large-cap enterprises.

What further separates Shopify from its competitors is its large enterprise partnership network. By establishing partnerships with the likes of **Meta Platforms**, **Walmart**, **Spotify** and more, Shopify merchants have every opportunity to land their stores in front of consumers. I believe the e-commerce industry will continue to grow and Shopify could see a lot of growth alongside it.

Fool contributor Jed Lloren owns shares of Shopify and Spotify.

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:BB (BlackBerry)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:DOL (Dollarama Inc.)
4. TSX:NVEI (Nuvei Corporation)
5. TSX:SHOP (Shopify Inc.)
6. TSX:TIXT (Telus International)
7. TSX:WELL (WELL Health Technologies Corp.)

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