Top TSX Stocks to Buy in June 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.]

15 Top TSX Stocks for June 2022 (Smallest to Largest)

1. Morguard North American Residential REIT (TSX:MRG.UN), $685 million
2. Cineplex (TSX:CGX), $802 million
3. goeasy (TSX:GSY), $1.9 billion
4. Canadian Western Bank (TSX:CWB), $2.8 billion
5. Aritzia (TSX:ATZ), $4.2 billion
6. Lightspeed Commerce (TSX:LSPD), $5.1 billion
7. Topicus.com (TSXV:TOI), $5.6 billion
8. TFI International (TSX:TFII), $9.7 billion
9. Magna International (TSX:MG), $23.9 billion
10. Waste Connections (TSX:WCN), $41.9 billion
11. Barrick Gold (TSX:ABX), $46.3 billion
12. Shopify (TSX:SHOP), $57.6 billion
13. Bank of Montreal (TSX:BMO), $89 billion
14. Canadian Natural Resources (TSX:CNQ), $98.1 billion
15. Toronto-Dominion Bank (TSX:TD), $172.8 billion

(MARKET CAPS AS OF JUNE 3, 2022)

Why We Love These Stocks for Canadian Investors

Morguard North American Residential REIT

What it does: This real estate investment trust owns a portfolio of multi-residential properties in Canada and the U.S., including roughly 13,500 suites, 40% of which are located in Canada.

By Daniel Da Costa: There are several attractive stocks to buy on the TSX today, but in my opinion, the most compelling investment for June 2022 is **Morguard North American Residential REIT** (TSX:MRG.UN). It offers a one-two punch of growth and defence, making it perfect for the current economic environment.

In addition to its exceptional business operations and long-term growth potential, Morguard also trades ultra-cheap: Thanks to the recent, broad selloff in stocks, Morguard is now trading at a forward price-to-adjusted-funds-from-operations ratio of just 16 times. Or for another measure, it also trades at just 0.6 times its estimated net asset value.

Fool contributor Daniel Da Costa has no position in Morguard North American Residential REIT. The Motley Fool recommends Morguard North American Residential REIT.

Cineplex

What it does: The company is Canada's largest movie exhibitor.

By Karen Thomas: **Cineplex** (TSX:CGX) is so much more than movies. Over the last few years, the company has ventured into related industries, such as the lucrative gaming space.

Cineplex is my top pick for June for two simple reasons. First, the stock has been hit hard over the past two years and I believe it's now trading in value territory. What's more, its business is on the upswing as pandemic restrictions have mostly been lifted. So we're looking at a booming business that's seeing strong demand. In its latest quarter, Cineplex reported a 500% increase in revenue versus last year (which admittedly was affected by the pandemic) and significantly improved free cash flows.

Fool contributor Karen Thomas owns shares of Cineplex. The Motley Fool recommends Cineplex.

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goeasy

What it does: goeasy offers leasing and lending services tailored to Canadian consumers who have less-than-great credit.

By Sneha Nahata: Shares of **goeasy** (TSX:GSY) are down about 37% this year alone, and I see this as an opportunity for buying today. The financial services company has consistently delivered double-digit earnings growth for more than a decade. Moreover, the ongoing momentum in its business, led by strength in loan originations, increase in loan ticket size, and strong credit and payments volumes, suggests that goeasy's bottom line could continue to grow rapidly.

The company's focus on new product launches, an increasing mix of secured loans, and omnichannel offerings also augurs well for growth. Thanks to goeasy's strong earnings base, its dividends have a CAGR of 34.5% over eight years — and it's well-positioned to enhance shareholders' value through higher dividend payments in the future.

Fool contributor Sneha Nahata has no position in goeasy.

Canadian Western Bank

What it does: Canadian Western Bank is a regional bank focused on western Canada, with about 33% of its loans in British Columbia and 31% in Alberta. It has also expanded into Ontario.

By Kay Ng: **Canadian Western Bank** (TSX:CWB) remains my top stock for investing for two months in a row. The shares dropped about 9% after the bank reported earnings, making them an attractive buy today. Like most of its larger Canadian bank peers, CWB recently increased its quarterly dividend.

Because of its relatively high exposure to loans made in resource-rich Alberta, Canadian Western Bank will experience greater volatility than its bigger peers. Long-term investors who have a three- to five-year investment horizon could see price gains of about 85% from recent prices — and CWB pays a competitive yield of about 4.1% while you wait.

Fool contributor Kay Ng owns shares of Canadian Western Bank.

Aritzia

What it does: Aritzia sells "everyday luxury" clothing (primarily for women) across 108 boutiques in Canada and the United States.

By Robin Brown: The recent market correction has created an enticing opportunity to buy cheap shares in **Aritzia** (TSX:ATZ). During the pandemic, Aritzia quickly gained traction both online and in the United States — a retail market more than 10 times bigger than Canada's. Yet the company has only has 41 stores in the States, so Aritzia has a huge opportunity to open stores in new markets there.

The company just produced incredible quarterly results: net revenue and net income grew 66% and 113%, respectively. Although Aritzia expects its earnings growth to moderate to the 20% range this year, it has a solid history of beating its outlook.

Aritzia has high insider ownership, an excellent balance sheet, and a long, profitable growth runway. What more could you want?

Fool contributor Robin Brown owns shares of Aritzia. The Motley Fool recommends Aritzia.

Lightspeed Commerce

What it does: Its cloud-based omnichannel commerce platform helps merchants become more efficient.

By Jitendra Parashar: **Lightspeed Commerce** (TSX:LSPD) is my top stock for June. Shares of the Montréal company dropped 76% from November 2021 to April 2022, mainly due to a tech sector-wide crash, but rose nearly 20% in May after Lightspeed's latest results boosted investors' confidence. Solid growth in its transaction-based revenue drove total revenue up by 78% year-over-year — exceeding the Street's estimates.

Consistently rising demand for its commerce platform is likely to help Lightspeed post strong topline growth in the coming quarters as well. Even though LSPD stock has climbed by more than 30% since earnings, remember that the rise could just be the beginning of a big, long-term recovery — it still trades with 33% year-to-date losses.

Fool contributor Jitendra Parashar has no position in Lightspeed Commerce. The Motley Fool recommends Lightspeed Commerce.

Topicus.com

What it does: Topicus is a software conglomerate with a growth-via-acquisition strategy in Europe.

By Vishesh Raisinghani: Higher interest rates and economic stress mean tech stocks are losing value these days. Publicly traded companies have lost billions, but the pain is also spreading to private tech companies. This dip in valuations is good news for **Topicus.com** (TSXV:TOI), whose growth strategy depends on its ability to consolidate Europe's fragmented software industry. Lower valuations and less hype in the sector makes its strategy cheaper to execute. The management team has already ramped up its efforts by deploying $18 million in the first quarter of 2022. The results of these acquisitions should be reflected in future quarterly earnings. Keep an eye on this opportunity.

Fool contributor Vishesh Raisinghani owns shares of Topicus.com. The Motley Fool has positions in and recommends Topicus.com.

TFI International

What it does: The Montreal-based logistics company has the largest truck fleet in Canada.

By Amy Legate-Wolfe: Now is perhaps one of the best times ever to buy **TFI International** (TSX:TFII) stock. The shares continue to slide as interest rates and inflation rise. But over the long term, TFI stock is a solid buy for investors who expect growth in supply-chain demands and e-commerce.

Analysts predict that earnings will double year over year during TFI's next quarter. And this comes after last quarter's earnings beat expectations (up 124% year over year).

With more growth coming during what will probably be a volatile period, TFI shares should be able to withstand this market downturn. Shares trade right around 10 times earnings and are down 29% year to date. Furthermore, you'll get a dividend yield of 1.4% as of writing.

Fool contributor Amy Legate-Wolfe has no position in TFI International.

By Stephanie Bedard-Chateauneuf: Growing demand for consumer items, raw materials, and manufacturing components is fueling growth in the shipping industry, and TFI is benefiting.

The company has a diversified customer base, with no single customer contributing to more than 5% of overall revenue. That should help TFI as inflation causes trucking activity to slow down.

Over the past two decades, TFI International has participated in more than 180 acquisitions that have generated a cumulative total return on investment of 4,800%.

Fool contributor Stephanie Bedard-Chateauneuf has no position in TFI International.

Magna International

What it does: Magna is the world's third-largest automotive components supplier and third-party automotive manufacturer.

By Puja Tayal: The pandemic, the chip-supply shortage, the lockdown in China, and rising raw material prices have severely crunched the automotive sector. And lately, recession fears have suppressed demand for vehicles. These macro events have weighed on auto-related stocks during the past 11 months and have caused auto companies to lower their guidance.

But the acceptance of electric vehicles (EVs) gets stronger by the day, and **Magna International** (TSX:MG) has the fundamentals to tap this trend. Although the challenging macro environment has affected Magna's profit and guidance, the company hasn't cut dividends or capital spending. The stock is a great buy at the current dip as it could grow by the double- or even triple-digits once EV sales kick in.

Fool contributor Puja Tayal has no position in Magna International. The Motley Fool recommends Magna International.

Waste Connections

What it does: Waste Connections collects, transfers, and disposes of non-hazardous solid wastes. It is also involved in resource recovery through recycling and renewable fuel generation.

By Rajiv Nanjapla: Although the stock markets bounced back strongly at the end of May, I expect volatility to continue in June. A potential interest rate hike by the U.S. Federal Reserve, the ongoing Russia-Ukraine war, and rising oil prices could all weigh on the market.

So I expect **Waste Connections** (TSX:WCN), a low-volatility stock, to outperform in June.

Given its market share, operations primarily in exclusive or secondary markets, and integrated operations, Waste Connections enjoys high margins. It also makes strategic acquisitions to strengthen its competitive positioning and expand its geographical presence.

Fool contributor Rajiv Nanjapla has no position in Waste Connections.

Barrick Gold

What it does: Barrick Gold is Canada's largest mining exploration, development, and production company that primarily focuses on gold and copper.

By Tony Dong: Want safety during times of high market volatility? Forget fleeing into cash — inflation will quickly erode that value. I prefer investing in a high-volatility, low-beta stock — one that fluctuates decently but not in lockstep with the market. If the market corrects, I want this stock to have a good chance of doing the opposite, to zig when the market zags, so to speak.

So today, my pick is **Barrick Gold** (TSX:ABX). With a current five-year monthly beta of 0.06, Barrick is uncorrelated with the TSX and S&P 500. This, along with its sound balance sheet and strong cash flow, makes it a good hedge to offset some of the risk in the stock market. Barrick's stock is also influenced by the price of gold, which gives it additional diversification benefits.

Fool contributor Tony Dong has no position in Barrick Gold.

Shopify

What it does: Shopify's platform helps merchants of all sizes operate online stores.

By Jed Lloren: **Shopify** (TSX:SHOP) is no longer Canada's largest company by market cap. In fact, it's very far from it as its shares have cratered since autumn. However, I remain confident that Shopify's future is a bright one. It continues to play an important role in the global e-commerce industry, and its inclusive platform offers solutions to first-time entrepreneurs and large enterprises alike.

In Q1 2022, Shopify reported $1.2 billion in revenue — a 22% year-over-year increase. What's more, monthly recurring revenue continued to increase. Although growth in that regard has slowed down significantly, Shopify can still lay claim to the fact that this figure has never decreased over the past five years. With a tremendous presence in an important industry, Shopify remains a must-have in any growth portfolio.

Fool contributor Jed Lloren owns shares of Shopify. The Motley Fool has positions in and recommends Shopify.

Bank of Montreal

What it does: This is Canada's fifth-largest bank, with a good mix of exposure in Canada and the U.S.

By Joey Frenette: With the recent acquisition of Bank of the West, **Bank of Montreal** (TSX:BMO) has the means to quickly grow its earnings per share, though integration efforts may prove somewhat costly in the immediate future.

BMO recently rang in some incredibly strong second-quarter earnings, with profit of $4.76 billion. The big bank also delivered a generous quarterly dividend increase of $0.06, or nearly 5%. Looking ahead, the bank's corporate loan book should remain robust as the oil and gas sector continues flexing its muscles.

Going into June, shares of BMO are close to the cheapest they've been since the abyss of 2020. The stock trades around 7.6 times trailing earnings, making it a magnificent bargain for those looking for a yield of around 4%.

Fool contributor Joey Frenette owns shares of Bank of Montreal.

Canadian Natural Resources

What it does: Canadian Natural Resources develops, produces, markets, and sells crude oil, natural gas, and natural gas liquids.

By Vineet Kulkarni: As oil and gas prices increase, Canada's biggest energy company, **Canadian Natural Resources** (TSX:CNQ), should see superior financial growth. Since the pandemic, energy producers have enjoyed margin expansion and solid free cash flow growth, thanks to the rallying energy commodity prices. The trend will likely continue this year.

CNQ stock has already returned 60% since the beginning of the year, and the company's strong balance sheet and potential to pay out a higher dividend will likely push the stock higher. Crude oil has shown even more strength in Q2 2022 than in Q1 this year, so CNQ's financials should increase even more than they have. With a stable dividend yield of 3.5%, CNQ stock offers attractive total return prospects for long-term investors.

Fool contributor Vineet Kulkarni has no position in Canadian Natural Resources. The Motley Fool recommends Canadian Natural Resources.

Toronto-Dominion Bank

What it does: Canadian Natural Resources develops, produces, markets, and sells crude oil, natural gas, and natural gas liquids.

By Andew Button: My top stock for June is **Toronto-Dominion Bank** (TSX:TD). Just days ago, TD Bank shared that it beat estimates on both revenue and profit in the most recent quarter. Earnings increased modestly in the quarter, which is actually a significant achievement because we might be in the midst of a recession and many other banks aren't growing.

TD benefits from the higher interest rates we are now seeing. In the second quarter, it reported higher net interest income thanks to the Bank of Canada's interest rate hikes. So, TD benefits from the current macro climate instead of being harmed by it.

As the final catalyst I'll mention today, the company is set to close its First Horizon deal later this year, which should add to its earning power and increase its corporate loan portfolio.

Fool contributor Andrew Button owns shares of Toronto-Dominion Bank.

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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POST TAG

1. pitch-general

TICKERS GLOBAL

1. TSX:ABX (Barrick Mining)
2. TSX:ATZ (Aritzia Inc.)
3. TSX:BMO (Bank Of Montreal)
4. TSX:CGX (Cineplex Inc.)
5. TSX:CNQ (Canadian Natural Resources Limited)
6. TSX:CWB (Canadian Western Bank)
7. TSX:GSY (goeasy Ltd.)
8. TSX:LSPD (Lightspeed Commerce)
9. TSX:MG (Magna International Inc.)
10. TSX:MRG.UN (Morguard North American Residential Real Estate Investment Trust)
11. TSX:SHOP (Shopify Inc.)
12. TSX:TD (The Toronto-Dominion Bank)
13. TSX:TFII (TFI International)
14. TSX:WCN (Waste Connections)
15. TSXV:TOI (Topicus.Com Inc.)

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