



## Top TSX Stocks to Buy in September 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 September 2022 (Smallest to Largest)

1. **InterRent Real Estate Investment Trust** \$1.1 billion
2. **Tamarack Valley Energy**, \$1.87 billion
3. **Lightspeed Commerce**, \$3.75 billion
4. **Open Text**, \$11.05 billion
5. **Metro**, \$16.74 billion
6. **Teck Resources**, \$23.82 billion
7. **Tourmaline Oil**, \$26.7 billion
8. **Cenovus Energy**, \$49.32 billion
9. **Suncor Energy**, \$61.04 billion
10. **Bank of Nova Scotia**, \$90 billion
11. **Enbridge**, \$116.06 billion
12. **Toronto-Dominion Bank**, \$155.7 billion

(MARKET CAP AS OF AUGUST 29, 2022)

## Why We Love These Stocks for Canadian Investors

### InterRent Real Estate Investment Trust

What it does: InterRent is a real estate investment trust (REIT) focused on growth that owns residential properties in Ontario, Quebec, and B.C.

By [Daniel Da Costa](#): After many real estate stocks have sold off so far in 2022, and given the defensive nature of these businesses, high-quality REITs such as **InterRent REIT (TSX:IIP.UN)** are some of the best to buy in September.

At roughly \$12.50 a share, InterRent is trading more than 30% off its highs. That's not all, though. The stock is now trading at just 0.8 times its estimated net asset value (NAV) compared to roughly 1.1 times its estimated NAV at the beginning of the year.

Higher interest rates are indeed impacting the real estate market. However, with vacancy rates already ultra-low, immigration picking back up and students returning to post-secondary schools this fall, there is little downside risk left with these stocks.

Therefore, considering InterRent's impressive track record of growth and its ultra-cheap stock price today, it's my top stock recommendation for September.

*Fool contributor Daniel Da Costa has a position in InterRent.*

## Tamarack Valley Energy

**What it does:** Tamarack Valley Energy is a diversified oil and gas producer in the Western Canadian Basin.

By [Robin Brown](#): If you believe [oil](#) will continue to price above \$90 per barrel, **Tamarack Valley Energy (TSX:TVE)** is an interesting stock. The company operates in very prolific and profitable energy plays in Alberta. At \$35 per barrel, it can sustain operations and still maintain its dividend. When prices are nearly triple that, it generates a huge amount of surplus cash.

The company is tracking for its net debt to decline to \$400 million (at least by the year end). After, it plans to return 50% of excess free cash flow back to shareholders through special dividends or share buybacks! It has already raised its base dividend 20% this year. After a recent 26% decline, this stock looks like a bargain at only four times earnings and 4.5 times free cash flow.

*Fool contributor Robin Brown has a position in Tamarack Valley Energy.*

## Lightspeed Commerce

**What it does:** Lightspeed Commerce is a one-stop commerce platform for merchants, offering its global customers a range of services to help simplify and scale their businesses.

By [Nicholas Dobroruka](#): As **Lightspeed Commerce (TSX:LSPD)(NYSE:LSPD)** is coming off a strong quarterly report, growth investors should have it at the top of their watch lists today.

Alongside many other high-growth tech stocks, Lightspeed has seen its stock price get slashed as of late. Shares are down nearly 50% in 2022 and more than 80% below 52-week highs.

Despite the recent selling, Lightspeed is still very well positioned for long-term success. The company recently reported its first-quarter 2023 quarterly earnings, which were highlighted by 50% revenue

growth year over year. Widening losses may worry some short-term investors, but Lightspeed management continues to remind investors that it's in full growth-mode.

If you're looking for a growth stock trading at a bargain price, Lightspeed Commerce would be my top recommendation on the [TSX](#).

*Fool contributor Nicholas Dobroruka has a position in Lightspeed Commerce.*

## Open Text

What it does: Open Text provides information management solutions globally.

By [Kay Ng](#): **Open Text** ([TSX:OTEX](#))([NASDAQ:OTEX](#)) ended fiscal 2022 with slowed growth. Revenue growth was 3.2% at US\$3.49 billion, while adjusted earnings before interest, taxes, depreciation, and amortization dropped 3.8% to US\$1.26 billion. However, it still generated substantial free cash flow of US\$888.7 million that was 9.4% higher.

The tech stock fell 14% on August 26 after it announced its acquisition of U.K.-based **Micro Focus** for an enterprise value of US\$6 billion. Even though Open Text has a track record of successful mergers and acquisitions and shareholder value creation, this large acquisition expands into new terrains, which represents a more complex integration.

If Open Text is able to spur growth with the support of this acquisition, the undervalued stock could deliver outsized total returns over the next three to five years.

*Fool Contributor Kay Ng has a position in Open Text.*

## Metro

What it does: Metro is a grocery and drugstore retailer operating locations across Ontario, Quebec, and New Brunswick.

By [Jed Lloren](#): Due to inflation, consumer spending is down this year. However, grocery stores haven't been hit as hard as other retailers. This is because groceries are essential in our everyday lives.

In the third quarter of 2022, **Metro** ([TSX:MRU](#)) reported \$5.87 billion in revenue. That represents a 2.5% year-over-year increase. What's also impressive is that online sales have managed to remain flat this year, suggesting that consumers are supporting that new method of purchasing groceries. This success has allowed Metro stock to gain 4.5% year to date. That compares to a -6.4% loss by the TSX so far this year.

As a bonus, Metro is an excellent dividend stock. The company has managed to increase its distribution in each of the past 27 years. With that in mind, investors could see stable growth with this stock, while receiving a reliable dividend to help them get through this turbulent market period.

*Fool contributor Jed Lloren has no position in any of the stocks mentioned.*

## Teck Resources

What it does: Teck Resources explores and produces natural resources throughout the world, with a diverse portfolio that includes everything from copper and oil to chemicals and fertilizers.

By [Amy Legate-Wolfe](#): Investors have been seeking out commodity companies to hide out during this uncertain period in the markets. Even with shares climbing on the TSX today, investors have been looking to oil and gas companies to protect their shares as prices rise higher.

But honestly, I would look to the value of **Teck Resources** ([TSX:TECK.B](#))([NYSE:TECK](#)) for long-term safety and security. Shares are up as well by 34% year to date, but it offers a far cheaper share price trading at 4.69 times earnings. Plus, it remains in an enviable position, able to cover its debts with 34.9% of its equity.

So, there you have it: the protection of a commodity stock with a diverse portfolio of products located all around the world. A cheap share price that's only climbing higher. And even a nice 1.07% dividend. It could be a stock to help you sleep at night.

*Fool contributor Amy Legate-Wolfe has no position in any of the stocks mentioned.*

## Tourmaline Oil

What it does: Tourmaline Oil is Canada's largest natural gas producer.

By [Vishesh Raisinghani](#): My top pick for September is **Tourmaline Oil** ([TSX:TOU](#)). Although it has "oil" in the name, the Calgary-based energy giant is more focused on natural gas. It is Canada's largest natural gas producer.

This year, natural gas prices have been far more stable than crude oil. That's because the upheaval caused by Russia's invasion of Ukraine has compelled Europe to seek alternative sources of energy. Crude oil can be easily transported and substituted with imports from other countries. Natural gas, however, needs pipelines to transport. That's why the gas shortage has been more severe. Tourmaline stands to plug this gap and benefit from the surge.

The stock trades at 11 times earnings and has offered substantial special dividends this year. Once its debt ratio drops lower, investors should expect more free cash flow and dividends ahead.

*Fool contributor Vishesh Raisinghani has no position in any of the stocks mentioned.*

## Cenovus Energy

What it does: Cenovus Energy is involved in oil and natural gas exploration and production.

By [Andrew Button](#): My top stock for September is **Cenovus Energy** ([TSX:CVE](#))([NYSE:CVE](#)). It's involved in oil and natural gas exploration and production. Its operations are based in the tar sands as well as offshore. As an exploration and production company, CVE makes more money the higher the price of oil goes. That's the case for all oil companies (apart from some pipelines), but CVE is getting

much more growth out of this year's rising oil prices than some of its competitors.

In its most recent quarter, CVE delivered \$2.9 billion in cash from operations (up 118%), and \$2.4 billion in net income (up 981%). The growth was truly phenomenal. If oil prices increase compared to second-quarter levels, then Cenovus's growth rates will go higher still.

For the third quarter, its earnings will probably be lower than in the second quarter, because oil prices were not quite as high this time around. They were still higher than last year, though, so the year-over-year growth will likely be positive.

One final note: Cenovus is paying off a lot of debt this year, which could pave the way for higher profits, even with oil prices staying flat.

*Fool contributor Andrew Button has no position in any of the stocks mentioned.*

## Suncor Energy

What it does: Suncor Energy is a leading integrated energy company that produces, refines, and sells crude oil.

By [Sneha Nahata](#): Higher oil prices and strong demand imply that the uptrend in **Suncor (TSX:SU)(NYSE:SU)** stock could sustain. Further, with Saudi Arabia pushing OPEC+ nations to cut supply, no near-term end to the Russia/Ukraine crisis, and underinvestment in new supply, oil prices could continue to trend higher, which will favour Suncor Energy.

Suncor could continue to deliver solid funds from operations, reduce debt at an accelerated pace, and boost its shareholders' returns thanks to the robust business environment. It raised its quarterly dividend to \$0.47 a share (the highest in the company's history) and, in the second quarter, returned \$3.2 billion to its shareholders in the form of dividends (\$657 million) and share repurchases (about \$2.6 billion).

The ongoing momentum in its business, higher oil price environment, and focus on enhancing shareholders' returns support my bullish outlook.

*Fool contributor Sneha Nahata has no position in any stocks mentioned.*

## Bank of Nova Scotia

What it does: Bank of Nova Scotia is Canada's third-largest bank by market capitalization with operations primarily located in Canada and Latin America.

By [Andrew Walker](#): The stock price took a hit after **Bank of Nova Scotia (TSX:BNS)(NYSE:BNS)** reported fiscal third-quarter 2022 results that indicate the bank is setting more money aside for potential loan losses. A jump in provisions for credit losses isn't a surprise, as rising interest rates are expected to put pressure on businesses and households with too much debt.

The dip in the share price, however, might be overdone. Bank of Nova Scotia still delivered solid profits in the quarter with net income coming in at \$2.59 billion compared to \$2.54 billion in the same period in

2021.

The board raised the dividend by 11% late last year and by another 3% when the bank announced the fiscal second-quarter 2022 results. This suggests management has confidence in the earnings outlook.

At the time of writing, the stock provides a 5.5% yield.

*Fool contributor Andrew Walker has no position in any of the stocks mentioned.*

## **Enbridge Inc.**

What it does: Enbridge is a diversified energy infrastructure company operating through liquid pipelines, gas transmission and midstream, gas distribution and storage, renewable power, and energy services segments.

By [Tony Dong](#): What's not to love about **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#))? As of August 26, the TSX energy giant is currently up 14.65% year to date (YTD) compared to the -7.02% loss suffered by the S&P/TSX 60 and the -15.16% loss suffered by the S&P 500.

Quarterly revenues have grown by 20.70% compared to the same period in the previous year, and the company recorded massive operating cash flow of \$9.68 billion over the trailing 12 months. This has fueled their ever-increasing dividend, which is now projected to pay around \$3.44 per share. This implies a forward annual dividend yield of 6.06%, which is huge, even for the Canadian energy sector.

Enbridge has a strong history of high dividends, with a five-year annual yield of 6.34%. However, the stock did go ex-dividend on August 12 with a payout date of September 1, so new investors will have to wait another fiscal quarter for the next dividend payment.

*Fool contributor Tony Dong has no position in any of the stocks mentioned.*

## **Toronto-Dominion Bank**

What it does: Toronto-Dominion Bank, part of TD Bank Financial Group, is one of Canada's largest financial institutions.

By [Stephanie Bedard-Chateauneuf](#): **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) reported its quarterly results last week. The adjusted net income for the quarter was \$3.81 billion, up 5.1% from the same period last year.

Due to higher interest rates and increasing loan demand, the company saw an increase in net interest revenue. In addition, during the quarter, the company's balance sheet situation was strong. Major hindrances, however, included rising expenses, a decline in non-interest revenue, and a greater provision for credit losses.

Total adjusted revenues for TD Bank were \$11.6 billion, up 8.3% from the previous year.

Toronto-Dominion appears to be making commendable attempts to increase revenues and market share through both organic and inorganic means, supported by a broad geographic presence. In

addition, increased interest rates will help the bank's finances.

*Fool Contributor Stephanie Bedard-Chateauneuf has no position in any of the stocks mentioned.*

## 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. NASDAQ:OTEX (Open Text Corporation)
2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:CVE (Cenovus Energy Inc.)
4. NYSE:ENB (Enbridge Inc.)
5. NYSE:LSPD (Lightspeed Commerce)
6. NYSE:SU (Suncor Energy Inc.)
7. NYSE:TD (The Toronto-Dominion Bank)
8. NYSE:TECK (Teck Resources Limited)
9. TSX:BNS (Bank Of Nova Scotia)
10. TSX:CVE (Cenovus Energy Inc.)
11. TSX:ENB (Enbridge Inc.)
12. TSX:IIP.UN (InterRent Real Estate Investment Trust)
13. TSX:LSPD (Lightspeed Commerce)
14. TSX:MRU (Metro Inc.)
15. TSX:OTEX (Open Text Corporation)
16. TSX:SU (Suncor Energy Inc.)
17. TSX:TD (The Toronto-Dominion Bank)
18. TSX:TECK.B (Teck Resources Limited)
19. TSX:TOU (Tourmaline Oil Corp.)
20. TSX:TVE (Tamarack Valley Energy Ltd)

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