Top Stock Picks for April

Description

We asked our contributors to pick their favorite Canadian stocks to buy this month. Here are their top ideas.

Karen Thomas: Precision Drilling Corp. (TSX: PD)(NYSE: PDS)

Precision Drilling's strategy to focus on Tier 1 rigs, which are technologically advanced rigs that can drill the same well in half the time with longer horizontals, is really starting to bear fruit.

While overall drilling activity in both Canada and the U.S. has been similar to levels seen in 2013, Precision saw higher international and U.S. drilling activity and higher pricing in Canadian contract drilling. Furthermore, the company has recently seen a big swing to profitability, with EBITDA margins increasing over 5% in the fourth quarter, to 35%.

The stock has increased over 26% year to date, and there is continued optimism with regard to the pace of development of unconventional resources and its impact on activity levels and ultimately, pricing. While the oil service names are a volatile way to invest in the energy space, this stock have seen great increases in good times.

Fool contributor Karen Thomas owns shares of Precision Drilling.

Robert Baillieul: Barrick Gold (TSX: ABX)(NYSE: ABX)

Barrick is the epitome of everything that's wrong in the gold mining industry. For decades, the company has put growth ahead of shareholder returns. And this policy has cost investors dearly.

However, things are looking up at the troubled gold miner. Co-chairman Peter Munk, the architect behind this disastrous expansion, will step down this month. And the board has promised to review its compensation practices in order to be better aligned with the interests of shareholders.

We will learn more details of management's turnaround plan at April's annual shareholder meeting. If Barrick cleans up its boardroom, it could be a catalyst for the stock.

Fool contributor Robert Baillieul does not own shares in Barrick Gold.

Chris Lau: Air Canada (TSX: AC.B)

Air Canada is down sharply from its high reached this past January, after investors fretted over the falling Canadian dollar. The airline faces higher fuel and plane costs when the dollar weakens. Air Canada offset these costs by adding surcharges to passengers. This was fairly easy to pass because competitors like **Transat AT, Inc.** (TSX: TRZ-B) and Sunwing Airlines did the same.

Air Canada has currency hedges, too. Its load factor was a record 80% in January. Shares could recover thanks to expansion to western Canada (through its subsidiary) and a rebound in traffic after severe weather hurt last quarter's results.

Fool contributor Chris Lau does not own shares in any of the companies mentioned.

Matt DiLallo: Cenovus Energy (TSX: CVE)(NYSE: CVE)

I really like the long-term story at Cenovus Energy. Thanks to its oil sands fueled growth, Cenovus is expected to grow production by an 11% compound annual rate for at least the next decade. That's a remarkable, oil-rich growth profile.

Even better, this isn't growth at all costs as Cenovus has some of the lowest-cost production in the oil sands region. Its cost to produce oil is between $35-$65 per barrel, which is not only below the global cost of $70, but well below most of its peers in the oil sands. That translates into long-term profitable growth for its investors.

While the company certainly has hurdles to cross, especially when it comes to takeaway capacity for oil, over time those concerns will moderate. That will enable Cenovus to capture higher prices for its oil and improve its returns. Cenovus looks like a real long-term winner that investors can buy to hold for a long, long time.

Fool contributor Matt DiLallo does not own shares in any of the companies mentioned.

Nelson Smith: Bombardier (TSX: BBD.B)

Shares in Bombardier had a difficult February, after the company came out with results that missed analyst expectations. But the future looks bright for the train and plane maker, as orders for the company's new C-Series jets continue to trickle in.

Production of the C-Series jet does keep getting delayed, but investors who buy now will be rewarded once jets are delivered. In the meantime, Bombardier investors get a world-class train manufacturer, a 2.5% dividend, and a company that's sitting on $4 billion worth of cash. Bombardier has the balance sheet strength to wait until the C-Series jets start getting delivered.

Fool contributor Nelson Smith does not own shares in Bombardier.

Deon Vernooy: TMX Group Ltd (TSX: X)

TMX Group, the owner of the Toronto Stock Exchange, provides listing, trading, clearing, settlement, depository and information services for an array of publicly and over the counter traded financial instruments.

I wrote about TMX in late February. Since that time we have had further confirmation that the key profit drivers of the group were moving in the right direction with trading on the main equity, derivatives and energy markets considerably ahead of the first two months of 2013.

New listings and financing raised on the main exchange also increased substantially from the 2013 levels. The positive movement of the main equity market indices is certainly supportive of the increased activity on the markets.

On most of the relevant valuation measures, TMX remains undervalued especially when the 2014 cost savings and positive profit prospects are taken into account. In my view the share price has further upside potential supported by the improving market conditions, undervaluation, and attractive dividend yield.

Fool contributor Deon Vernooy does not own shares of TMX Group.

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2. Top TSX Stocks

TICKERS GLOBAL

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2. TSX:BBD.B (Bombardier)
3. TSX:CVE (Cenovus Energy Inc.)
4. TSX:PD (Precision Drilling Corporation)
5. TSX:X (TMX Group)

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