



## Top Stocks for July

### Description

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

#### **Deon Vernooy: North West Company ([TSX: NWC](#))**

**North West Company ([TSX: NWC](#))** is one of Canada's oldest retailers and operates 226 stores selling mainly food in rural and selected urban areas in Canada, Alaska, the South Pacific and the Caribbean.

A core capability of the company is the infrastructure that enables it to serve small and hard to access towns and communities. This has allowed the company to build a strong track record of superior levels of profitability and growing dividend payments over a long period of time.

The company has a strong balance sheet and good cash flow that will support the ongoing payment of dividends even during times of difficult operating conditions. The yield on the stock is currently 4.8% with quarterly payments, making it an attractive proposition for income seeking investors.

*Fool contributor Deon Vernooy owns shares of North West Company.*

#### **Cameron Conway: Sun Life Financial ([TSX: SLF](#))([NYSE: SLF](#))**

With interest rates projected to remain low until at least Q3 2015 insurance companies have been hit hard with lower returns. But for investors, this could actually be an opportune time to buy a good and stable insurance company. **Sun Life Financial ([TSX: SLF](#))([NYSE: SLF](#))** has caught eye of several insiders and analysts as one of the top options in the insurance sector.

Sun Life Financial closed last Thursday at \$39.16, just below its 52-week high of \$40.15 and average price target of \$40.80. This is a long-term play that could take a couple of years to see decent returns. However in the meantime Sun Life is paying out \$1.44 per share in annual dividends with a generous yield of 3.7%.

*Fool contributor Cameron Conway does not own any shares in Sun Life.*

**Patrick Li: Metro ([TSX: MRU](#))**

**Metro ([TSX: MRU](#))** remains my favorite stock as valuation remains significantly below peers and the broader market. Management continues to focus on strong execution, superior capital allocation, and strategic investments — Metro recently acquired a majority stake in Première Moisson, which should further differentiate its store banners and enhance the customer in-store experience.

Metro remains a dividend growth champion averaging 14.2% annually over the past decade, handily beating **Empire** and **Loblaw**. For conservative and dividend growth investors alike, Metro is a blue-chip investment that should deliver above-market returns.

*Fool contributor Patrick Li, CPA, CMA owns shares of Metro.*

**Matt DiLallo: PotashCorp ([TSX: POT](#))([NYSE: POT](#))**

The world's farmers face a real daunting task. Over the next 50 years farmers must produce more food than they've produced in the last 10,000 years thanks to surging population and an expanding middle class. To make matters worse this must be accomplished with less arable land available to grow crops.

Needless to say, farmers won't be able to supply all of this food without the help of fertilizers. As the largest fertilizer producer by capacity, **PotashCorp** ([TSX: POT](#))([NYSE: POT](#)) is well positioned to profit from this global trend. Not only is the company the world's leading potash producer by capacity, but it's also well positioned in both nitrogen and phosphate. Add in the company's juicy 3.7% dividend and PotashCorp is a stock that should be considered for a core position in any investor's portfolio.

*Fool contributor Matt DiLallo does not own shares in any of the companies mentioned. The Motley Fool owns shares of PotashCorp.*

**Benjamin Sinclair: Points International ([TSX: PTS](#))([Nasdaq: PCOM](#))**

**Points International** ([TSX: PTS](#))([Nasdaq: PCOM](#)) is an internet e-commerce company best known for the website Points.com, which allows users to buy, sell, and trade loyalty points. The key to the company's success is its partner network. With over 50 loyalty program partners, its presence is practically impossible for a new entrant to replicate.

The company is also growing very quickly, with revenues projected to increase over 30% this year alone, and there is no reason to expect this growth to slow any time soon. And the shares are reasonably priced, at about 16 times cash flow.

*Fool contributor Benjamin Sinclair holds a position in the shares of Points International.*

**Robert Baillieul: Pembina Pipeline ([TSX: PPL](#))**

I doubt you have ever heard of **Pembina Pipeline** ([TSX: PPL](#)), but it plays a critical role in our daily lives behind the scenes. The company owns energy pipelines, terminals, and processing facilities throughout Western Canada. This infrastructure ships and stores the commodities that power our

modern society.

In exchange for delivering and storing these products, Pembina earns a fee, which it passes onto investors. Over the past decade the company has increased its dividend by more than 60%, and today the stock yields 3.9%. Thanks to rising shale and oil sands production, investors can count on more dividend hikes in the years to come.

*Fool contributor Robert Baillieul has no position in Pembina.*

### **Michael Ugulini: Toronto-Dominion Bank ([TSX: TD](#))([NYSE: TD](#))**

Canadian banks, despite their detractors, are an excellent investment for risk-averse conservative investors wanting regular and increasing dividends. I personally own shares in three of Canada's big banks and I love those dividend payments from these fundamentally sound businesses.

For Q1 2014, Toronto-Dominion Bank's Canadian retail segment adjusted earnings increased 5% year-over-year. Its U.S. retail segment adjusted earnings in U.S. dollars increased 8% year-over-year. Toronto-Dominion had Q1 2014 adjusted net income of \$2 billion, an increase of 6% year-over-year.

In May, Toronto-Dominion Bank announced a dividend of 47 cents per common share (\$1.88 annualized). The bank's current dividend yield is 3.43% and its five-year average dividend yields is 3.40%.

*Fool contributor Michael Ugulini owns shares in Toronto-Dominion Bank.*

### **CATEGORY**

1. Investing
2. Top TSX Stocks

### **TICKERS GLOBAL**

1. TSX:MRU (Metro Inc.)
2. TSX:NWC (The North West Company Inc.)
3. TSX:PPL (Pembina Pipeline Corporation)
4. TSX:SLF (Sun Life Financial Inc.)
5. TSX:TD (The Toronto-Dominion Bank)

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