Top Stock Picks for August

Description

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

Karen Thomas: Agrium Inc. (TSX: AGU)(NYSE: AGU)

Agrium Inc., a global producer and marketer of nutrients and agricultural and industrial products, trades at a mere 15.8 times earnings. Although the latest earnings were disappointing, with a 92% drop in net income, demand for crop input products and services has been strengthening so the future is looking brighter.

With earnings expected to ramp up in 2015 to $8.64 (based on consensus analyst expectations) from $6.94 in 2013, the stock will look increasingly cheaper. Furthermore, the company has a strong balance sheet, with a debt-to-total capitalization ratio of 34%, and generates a strong ROE of just over 14%. Finally, Agrium Inc. has an attractive dividend yield of 3.4%.

Fool contributor Karen Thomas does not own shares of Agrium Inc. Agrium is a recommendation of Stock Advisor Canada.

Andrew Walker: Potash Corp. of Saskatchewan (TSX: POT)(NYSE: POT)

Exactly one year ago, **Potash Corp. of Saskatechewan's** stock was pummeled, dropping 23% in two days as potash producers in Russia and Belarus announced they were ending their trading agreement. Potash Corp. has slowly battled back and currently trades just about where it was before the announcement.

The company recently reinstated some of the staff it laid off in December, and the Q2 earnings report came in better than expected. Potash also raised its full-year guidance based on better-than-expected Chinese demand.

The positive outlook along with a 3.8% dividend yield should continue bring investors back into the stock.

Fool contributor Andrew Walker owns shares of Potash Corp. of Saskatchewan. The Motley Fool owns shares of Potash Corp.

François Denault: IAMGOLD Corp. (TSX: IMG)(NYSE: IAG)

So far this year, gold is holding steady at $1300 an ounce and all signs point to a tightening between supply and demand.

In the coming weeks, most gold miners in Canada will report second-quarter earnings, and I am expecting the consensus to be that the bottom of the cycle has been hit. The market being forward looking, I think gold miners will continue to rally, and **IAMGOLD Corp's** deep discount to book value of 54% leaves tremendous room for upside potential.

I'm not alone in my optimism; CEO Stephen Letwin bought 55,000 shares back in February at $4.38, higher than the current $4 it trades at.

Fool contributor François Denault owns shares of IAMGOLD Corp.

Justin K Lacey: Alimentation Couche-Tard Inc. (TSX: ATD.B)

As a kid, I loved walking to the corner store to buy a slushie and maybe a piece of licorice. That convenient, hassle-free shopping experience appeals not only to kids of today, but also one of North America's fastest growing demographic segments — seniors.

Alimentation Couche-Tard Inc. is the largest convenience store operator in North America with over 6,200 company-operated stores. And in Europe, the company operates over 2,200 stores, primarily across Scandinavia, Poland, the Baltics, and Russia.

An exceptionally strong management team has proven their ability to improve same-store sales and fuel volumes, and successful execute an aggressive acquisition strategy. With an improving economy, and the likelihood that large oil companies will continue to divest their retail assets, particularly in Europe, Alimentation Couche-Tard looks like an excellent opportunity to benefit from the large, and aging, baby-boom generation.

Fool contributor Justin K Lacey owns shares of Alimentation Couche-Tard Inc.

Michael Ugulini: BCE Inc. (TSX: BCE)(NYSE: BCE)

Canada's largest communications company, **BCE Inc.**, provides a complete set of broadband communication services to business and residential customers across the country. Since 2008, BCE has provided 141% total shareholder return and has had 10 common share dividend increases in the same period.

BCE’s annual dividend payout is $2.47. Its current dividend yield is 5.01% and its five-year average dividend yield is 5.10%. The company’s five-year average dividend growth rate is 17.11%.

For Q1 2014, BCE achieved net earnings of $615 million. This represents an increase of 8.7% from $566 million in Q1 2013. Its free cash flow increased 6.1% to $262 million. At year-end 2013, BCE had 21.1 million total subscribers. For Q1 2014, total TV subscribers for the company increased 8.1% to 2,529,471.

Fool contributor Michael Ugulini has no positions in any of the companies mentioned.

Nelson Smith: Rogers Communications Inc. (TSX: RCI.B)(NYSE: RCI)

It’s not often that investors get the chance to buy one of Canada’s best brands at a discount, but I believe shares in **Rogers Communications Inc.** are very cheap.

Shares are near 52-week lows, and are only trading at 14 times earnings, a significant discount to its peers. Rogers has terrific moats in its home phone, internet, and media divisions, as well as being Canada’s wireless leader. It’s simply too big and entrenched to be beaten-up much longer.

Plus, it pays investors a generous 4.3% dividend.

Fool contributor Nelson Smith does not own shares in Rogers Communications Inc.

Patrick Li: Metro, Inc. (TSX: MRU)

Since my previous recommendation of **Metro, Inc.** in July, the stock has risen 6% while outperforming the market by 4%.

The company remains my favorite stock as its valuation remains below peers and the broader market. Management continues to focus on strong execution, superior capital allocation, and strategic investments — Metro recently acquired two No Frills stores as part of the Competition Bureau’s approval process for **Loblaw** to purchase Shoppers Drug Mart.

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, Inc.

Matt DiLallo: Brookfield Infrastructure Partners L.P. (TSX: BIP.UN)(NYSE: BIP)

Warren Buffett is thought of by many as being the world’s greatest investor, and his track record speaks for itself. However, Canada has some top investors who don’t get as much credit as they deserve. Topping the list in my opinion is the management team at **Brookfield Asset Management Inc.** (TSX: BAM.A)(NYSE: BAM).

One sleepy sector of the market that Brookfield has focused on in recent years is infrastructure. The sector, which includes boring assets like pipelines, ports and power lines, throws off gobs of highly secured cash flow.

Brookfield has packaged many of its infrastructure investments into Brookfield Infrastructure Partners giving investors easy access to this sector. Its units currently yield about 4.75%, and that income should grow about 5%-9% annually over the long-term. With a top notch investment team and great income growth potential, Brookfield Infrastructure Partners L.P. is the one stock I'd buy this month.

Fool contributor Matt DiLallo owns shares of Brookfield Asset Management Inc.

Robert Baillieul: Yamana Gold Inc. (TSX: YRI)(NYSE: AUY)

We haven't yet heard how **Yamana Gold Inc.** and **Agnico Eagle Mines** plan to develop their recently acquired Canadian Malartic mine. By working together, there are lots of opportunities to expand production and cut costs, but most investors aren't aware of this potential. As these two companies start to communicate their plans to shareholders, it could be an upside catalyst for the stock.

In addition, during the first half of the year, Yamana ran into minor operational problems with have weighed on shares. As those issues are cleared up, the stock could be re-rated higher.

Fool contributor Robert Baillieul does not own shares in any company mentioned.

Cameron Conway: Baytex Energy Corp. (TSX: BTE)(NYSE: BTE)

A lesser-known energy player, **Baytex Energy Corp.** packs an impressive dividend of $2.88 per year and has a yield of 5.9%. The stock has seen modest growth in 2014 closing July 30 at $46.74, compared to $43.34 one year ago. This is still well below the average price target of $53.50. The stock is down slightly this month but updated production numbers could change the company's fortunes.

Following the acquisition of Texas-based Aurora Oil and Gas in June, production is only expected to increase nominally to 66,000 in Q2, due to the timing of the deal. However that number could jump up to between 88,000 and 90,000 for the remainder of the year.

Fool contributor Cameron Conway does not own any shares in the companies mentioned.

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Date
2025/07/20
Date Created
2014/08/01
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