Top Stock Picks for September

Description

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

Matt Smith: Twin Butte Energy Ltd. (TSX: TBE)

A relative newcomer to the energy patch, Twin Butte Energy Ltd. saw its share price plunge 17% for the year-to-date after downgrading its full-year guidance. However, recent Q2 2014 results indicate things are not as bad as the market believes.

Crude production spiked a healthy 25% year-over-year and the production mix improved, with higher margin oil and liquids up 3% for the same period, making up an impressive 90% of total production. Impressively, operational profitability or netback per barrel grew significantly, spiking 68% year-over-year to a healthy $41.87, one of the better netbacks in the patch.

I expect to see further solid results with management focusing on cost-effectively developing existing assets, while controlling costs and taking a disciplined approach to capital management.

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

Michael Ugulini: Sun Life Financial Inc. (TSX: SLF)(NYSE: SLF)

The third largest life insurer in Canada by assets, Sun Life Financial had global assets under management of $684 billion at the end of Q2 2014.

It has extensive global operations,and commenced business in Malaysia and Vietnam in 2013.To fulfill the needs of pension plans, Sun Life recently formed Sun Life Investment Management Inc., an asset management firm for pension funds.

Sun Life is a cash flow generator and a consistent dividend payer as well. Its cash flow from operating activities was $1.6 billion higher in Q2 2014 than in Q2 2013.One of the **S&P/TSX 60** best dividend-yielding stocks, Sun Life's current dividend yield is 3.52% and its dividend rate is $1.44.

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

Karen Thomas: CGI Group Inc. (TSX: GIB.A)(NYSE: GIB)

While CGI has been the centre of some controversy last year related to its Obamacare contract as well as its European acquisition, the company's track record is strong, and the fundamentals of its business remain strong.

The company is experiencing strength in overall demand for its services, margins are increasing, and cash flow generation remains healthy. Management has used some of this cash to reduce debt, and going forward, cash generated will be used for one or some of the following purposes: continued debt reduction, possible acquisition, and/or share buyback.

As icing on the cake, with a forward P/E of 14 times and an expected growth rate of 23% in 2014, the stock is attractively valued.

Fool contributor Karen Thomas owns shares of CGI Group.

Andrew Walker: Fortis Inc (TSX: FTS)

As the market heads into a historically volatile part of the year, dividend investors looking for a safe place to invest new money might want to consider Fortis Inc.

The company recently completed its US$4.3 billion acquisition of Arizona-based electric generation and energy delivery company UNS Energy.

Fortis CEO Stan Marshall expects the purchase of UNS Energy will be accretive to earnings per common share in the first full year after the closing of the deal.

Fortis currently pays a dividend of $1.28 per share that yields 3.8%. As Fortis integrates UNS Energy, I expect the dividend will get a nice bump in 2015.

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

Robert Baillieul: Dream Office REIT (TSX: D.UN)

It might be the greatest income sources available… owning real estate. You collect rent month after month and every year it goes up! But becoming a landlord also kind of a hassle.

At least that's how it used to be. Dream Office REIT makes you a partner with an established, well-diversified property owner. This allows you to collect steady, monthly income through real estate without becoming a landlord.

The best part is, you never have to set foot on the property. You just sit back and collect distributions up to 7.7% on your original investment. And if you become a partner by September 24, you'll be eligible to collect your first "rent cheque" as early as next month.

Fool contributor Robert Baillieul has no positions in any of the stocks mentioned in this article.

Patrick Li: Metro Inc. (TSX: MRU)

Call me old fashioned, but Metro Inc. remains my top pick in September. Since my previous recommendation of the company in July, the stock has risen about 8% while outperforming the market by 5%.

The company remains my favorite stock as valuation remains low relative to peers and the broader market. While its peer **Empire Company Limited** (TSX: EMP.A) also trades at a comparable estimated forward PE of less than 14, Metro has not yet unlocked its balance sheet potential.

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.

Cameron Conway: WestJet Airlines Ltd. (TSX: WJA)

While summer may be coming to a close, that doesn't mean the good times will be coming to a halt. Winter brings snowbirds looking to stay warm, something WestJet has targeted with another round of southern route expansions.

Back at home, the ongoing rollout of its discount carrier Encore in Eastern Canada should also go a long way to boosting profits, especially come Christmas time. The stock has flirted a few times with breaking the $30.00 plateau. Now with this stellar growth and $930 million in quarterly revenues, it may finally be time for the stock to break through its ceiling.

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

Deon Vernooy: Toronto-Dominion Bank (TSX: TD)(NYSE: TD)

The record quarterly profit just delivered by Toronto Dominion Bank was another reminder of the quality and sustainability of the business. All major business units increased their profit contributions with most of the key operating metrics moving in the right direction.

The share price has performed well over the past year but the valuation still seems reasonable when taking into account that profit should continue to grow at a reasonable rate for the foreseeable future.

Management indicated that fourth quarter profit may be less exciting but longer term upside could come from an improvement in the U.S. Retail operation or higher interest margins when interest rates normalise.

The dividend yield on the stock is currently 3.3% and management indicated that dividends could grow faster than profits for the foreseeable future.

Fool contributor Deon Vernooy owns shares of TD.

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