



Top Stock Picks for November

Description

We asked our best analysts to share their favourite stocks this month. Here are their top ideas.

Joseph Solitro: Canadian National Railway Company ([TSX: CNR](#))([NYSE: CNI](#))

Canadian National Railway Company ([TSX: CNR](#))([NYSE: CNI](#)) operates one of the largest rail networks in North America and growing demand for its services has led to significant financial growth in 2014. In fact, in its [most recent quarterly release](#) on October 21, earnings per share increased 20.9% and revenue increased 15.6% compared to the same period a year ago.

Strong earnings reports like this have led to Canadian National's stock price rising more than 25% in 2014, but it still trades at less than 19 times forward earnings estimates, making it a great value play at current levels.

In addition to the upside potential its stock offers, Canadian National pays out a very healthy 1.3% dividend and it has been actively repurchasing its shares, leading to over \$1.7 billion in capital returned to shareholders in 2014. This shows that the company is fully dedicated to maximizing shareholder value.

Long-term investors should take a closer look at Canadian National Railway today, because there are very few stocks that offer the growth and dividend income that it does.

Fool contributor Joseph Solitro has no position in any of the stocks mentioned.

Adam Mancini: Suncor Energy Inc. ([TSX: SU](#))([NYSE: SU](#))

Suncor Energy Inc. ([TSX: SU](#))([NYSE: SU](#)) has been a long-time holding of mine, and after the recent slide in both the TSX and oil prices, I am adding to my position and am more bullish than ever.

Suncor is currently producing more free cash flow than all its major competitors combined. It is the most profitable energy producer in Canada, and has some of the highest refining margins and netbacks amongst its oil sands peers. On top of this, its deeply integrated structure allowed it to

capture higher Brent pricing on almost 100% of its production in Q2/2014, through integrating its upstream production with its downstream refineries.

Its recent pullback to around \$38 is a perfect opportunity to pick up shares in this premier energy company at less than 15 times earnings.

Fool contributor Adam Mancini owns shares of Suncor Energy Inc.

Matt DiLallo: Cenovus Energy Inc. ([TSX: CVE](#))([NYSE: CVE](#))

The world, at least for the moment, is overflowing with oil. Surging production from U.S. shale plays along with the return of oil supplies in places like Libya have sent the price of oil down more than 20% over the past few months. This slide has taken oil stocks down with it.

Some oil companies can weather this storm better than others, with **Cenovus Energy Inc. ([TSX: CVE](#))([NYSE: CVE](#))** being near the top of that list. It is one of the lowest-cost oil producers in the Canadian oil sands thanks to its industry leading steam-to-oil ratio, which yields lower costs and higher margins. This earns Cenovus Energy strong cash flow even when oil prices are low. Not only is that a huge competitive advantage, but it also means cash flow will really turn into a gusher when oil prices head higher once again in the future. That's why it's a top oil stock to buy in today's volatile oil market.

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

Cameron Conway: The Bank of Nova Scotia ([TSX: BNS](#))([NYSE: BNS](#))

The Bank of Nova Scotia ([TSX: BNS](#))([NYSE: BNS](#)) has been spending millions on advertising recently, placing its brand everywhere in an effort to reach untapped customers. It has complemented this strategy with investments in credit card-based rewards programs, all in an effort to engage as many Canadians as possible, especially with the NHL back in action.

This is key for the Bank of Nova Scotia as it moves to have 50% of its income come from outside of Canada, and a strong robust domestic customer base acts as a safety net for these endeavors. These moves give investors a sense of security as the bank continues to diversify its operations internationally.

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

Andrew Walker: Telus Corporation ([TSX: T](#))([NYSE: TU](#))

Recent volatility in equity markets could continue for a while so investors might want to look at a solid, low-beta stock for their next pick.

Telus Corporation ([TSX: T](#))([NYSE: TU](#)) is about as steady as they come and is currently my top choice in the communications sector. The company is the industry leader in wireless blended average revenue per unit (ARPU) and its Telus TV offering is stealing market share from the cable competitors. Long-term investors should also take a hard look at the Telus Health division.

Telus is committed to increasing its dividend by 10% every year through 2016. The current payout of \$1.52 yields about 3.8%.

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

Deon Vernooy: Guardian Capital ([TSX: GCG.A](#))

Guardian Capital ([TSX: GCG.A](#)) is a well-regarded asset and wealth management business with \$25 billion of assets under management and a further \$13 billion under administration in a financial advisory business.

For legacy reasons, Guardian also owns a considerable number of **Bank of Montreal** shares and other investments with a current value of around \$460 million, which equates to about 80% of the current market value of Guardian.

This implies that the very profitable and growing asset management and investment advisory businesses carry an extremely low valuation. On my estimates, this part of the business is valued at a 2014 price-to-earnings ratio of below 7 times and 0.44% of assets under management which reflects a considerable discount to its peers.

Management is already in the process of unlocking value through the selective sales of Bank of Montreal shares and increased dividend payments, share repurchases, and selective acquisitions. There is more good news ahead for patient investors in this company.

Fool contributor Deon Vernooy owns shares in Guardian Capital.

Leia Klingel: Potash Corp./Saskatchewan (TSX: POT)(NYSE: POT)

Potash Corp./Saskatchewan's (TSX: POT)(NYSE: POT) stock has posted modest gains this year but I expect it will have a breakout soon thanks to changing fundamentals in the potash market.

Major concerns that potash producers would take a hit in sales volumes surfaced last year after Russian producer OAO Uralkali announced that it would exit its potash co-operative and instead pursue a volume over price strategy. That concern was removed this year after Potash Corp. sold a record volume of potash; however, underpinning the company's stock value has been the price of potash.

Potash prices tumbled in 2013, and due to the way potash contracts are settled, Potash Corp. continued to feel the impacts this year. Prices have since appreciated and are expected to continue to do so. Combined with the lifted concerns over sales volumes, Potash Corp. is positioned to see its revenue improve, a positive for the company's stock value.

Fool contributor Leia Klingel holds shares of Potash Corp.

Matt Smith: Gran Tierra Energy Inc. ([TSX: GTE](#))(NYSE: GTE)

Beaten-down Colombian oil producer **Gran Tierra Energy Inc.** ([TSX: GTE](#))(NYSE: GTE) is my top pick for November. Its share price is down 38% since the start of 2014, because of deteriorating crude

prices coupled with an overblown perception of risk due to its operations being located in South America.

This leaves it attractively priced, with an enterprise value of less than three times EBITDA and 11 times oil reserves.

Gran Tierra retains a solid balance sheet, remaining debt-free while building an impressive portfolio of South America oil assets. In 2013 it made a significant discovery in Peru, effectively doubling its reserves and underlying asset value.

More importantly, oil production is heavily weighted to light oil with the sale price indexed to Brent, allowing it to capture premium Brent pricing, which is 6% higher than WTI. This leaves it well positioned to continue operating profitably in the current environment and will see its share price rebound as oil prices recover.

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

Benjamin Sinclair: Points International Ltd. (TSX: PTS)(Nasdaq: PCOM)

Points International Ltd. (TSX: PTS)(Nasdaq: PCOM) is best known for the website Points.com, which allows users to buy, sell, and trade loyalty points. The company then shares the revenue generated with roughly 50 loyalty program partners.

There are a number of things to like about this company. One is the massive growth profile – revenue has grown 63% so far this year. Secondly, Points.com is insulated from competition by its many partnerships with loyalty programs. The company also has \$60 million in cash and zero debt.

The company is not overly expensive either, trading for about 11 times free cash flow.

Fool contributor Benjamin Sinclair holds a position in Points International Ltd.

Nelson Smith: Hudson's Bay Co (TSX: HBC)

Hudson's Bay Co (TSX: HBC), Canada's oldest company, has two huge things going for it. Its stock is massively undervalued, and an upcoming catalyst could allow investors to handsomely profit.

Hudson's Bay is sitting on some pretty valuable real estate, which alone is worth about \$15 per share. Management has been vocal about spinning it off into a separately traded REIT, which should unlock some of that value. It looks to be only a matter of time until this happens.

Shares trade at \$19.50, meaning investors are paying just \$4.50 per share for the company's retail operations, which are projected to earn \$0.35 per share in 2014 and \$0.95 in 2015. Plus, cash generated from the REIT spinout could be used to pay a special dividend, buy back shares, or acquire a competitor.

Fool contributor Nelson Smith does not own shares in Hudson's Bay Company.

Robert Baillieul: Canadian Oil Sands Ltd (TSX: COS)

It's tough to find a safe stock that yields much more than 4%. But I've found one company that generates so much cash, it pays out a whopping 8%: **Canadian Oil Sands Ltd** (TSX: COS).

The company is the largest shareholder in the Syncrude oil sands mine. This is the biggest energy project in the Western hemisphere. And while some investors are understandably worried that the dividend may be at risk, the firm has a low enough cost base to continue cranking out monster profits.

That said, if you want to collect your 8% dividend, you must become a shareholder by

November 20. That's the last day to be eligible to receive your first dividend cheque on November 29.

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

Jacob Donnelly: The Bank of Nova Scotia ([TSX: BNS](#))([NYSE: BNS](#))

Owning at least one of the Canadian Big Five is a good idea for your portfolio. Like fellow contributor Cameron Conway, I also believe that **The Bank of Nova Scotia** ([TSX: BNS](#))([NYSE: BNS](#)) is the right bank stock to add to your portfolio.

There are three big reasons for that. The first is that it is tremendously diversified. It has branches in over 50 different countries, which allows it to generate revenue from different parts of the world. The second reason is because it pays a wonderful dividend. And the third reason is because I believe it is currently 10% to 15% undervalued.

I think you should look into starting or adding to a position in Bank of Nova Scotia. It looks to be in a great place.

Fool contributor Jacob Donnelly owns no shares in any of the stocks mentioned here.

CATEGORY

1. Investing
2. Top TSX Stocks

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