Top Stock Picks for December

Description

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

Matt Smith: Silver Wheaton Corp. (TSX: SLW)(NYSE: SLW)

Signs of a rally in beaten-down precious metal silver makes **Silver Wheaton Corp.** (TSX: SLW) (NYSE: SLW) my top stock for December. Over the course of 2014 silver has trailed lower to be down 15%, but there are signs it is set to rebound.

Key among them is the gold-to-silver ratio, which at 73 ounces of silver for one ounce of gold highlights just how undervalued silver is. Growing industrial demand coupled with supply shortages is expected to drive prices higher over the long term.

Silver Wheaton offers the best leveraged play on this rebound, because as a precious metals streamer it has a far lower cost structure than any of the silver miners, while not carrying any of the risks associated with operating mines.

Fool contributor Matt Smith does not own shares in any of the companies mentioned. The Motley Fool owns shares of Silver Wheaton. Silver Wheaton is a recommendation of Stock Advisor Canada.

Benjamin Sinclair: Manulife Financial Corp. (TSX: MFC)(NYSE: MFC)

Manulife Financial Corp. (TSX: MFC)(NYSE: MFC) is Canada's largest life insurer, with a market capitalization of roughly $40 billion.

More than a quarter of its business is in Asia, which is growing very quickly. Further upside comes from the domestic market, where the company just acquired the Canadian assets of Standard Life for $4 billion.

Still, the stock is unpopular. This is partly because of a rough history during the financial crisis, and the dividend yield is low, at only 2.8%. As a result, the shares trade at 10 times earnings, a nice bargain for a strong company.

Fool contributor Benjamin Sinclair has no positions in any stocks mentioned in this article.

Deon Vernooy: George Weston (TSX: WN)

George Weston Limited (TSX: WN) is a holding company with a 46% interest in the well-performing food and drug retailer, **Loblaw Companies Limited** (TSX: L), a 5% holding in **Choice Properties Real Estate investment Trust** (TSX: CHX.UN), and 100% of Weston Foods.

Weston Foods is the operator of valuable food manufacturing operations in Canada and the U.S. and although the business is struggling this year, it is expected to generate an adjusted EBITDA profit of over $300 million in 2014.

The shares held in Loblaw and Choice represent 90% of the current market value of George Weston and after adjusting for the holding company debt, leaves an enterprise value of around $2 billion for Weston Foods – implying a considerably valuation discount to its publicly listed peers.

This hidden value could be unlocked in various ways, including a separate listing for Weston Foods. Alternatively, George Weston could be considered as a cheaper entry into Loblaw.

Fool contributor Deon Vernooy does not own shares in any company mentioned in this article.

Jacob Donnelly: BlackBerry Ltd. (TSX: BB)(NYSE: BBRY)

Things are starting to get really interesting for **BlackBerry Ltd.** (TSX: BB)(NYSE: BBRY). The company is reportedly selling a lot of Passport devices and is launching a new holiday winter sale that should see many users sign up to try the device.

Further, the company has US$800 million in intellectual property costs that will expire at the end of November 2014. So long as there are no new ones added to the financial report, this should result in additional income. That, in turn, will make investors very pleased.

Additional phone sales and more cost cutting makes BlackBerry a very attractive stock going into the New Year, and is definitely my stock of the month.

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

Robert Baillieul: A&W Revenue Royalties Income Fund (TSX: AW-UN)

When **A&W Revenue Royalties Income Fund** (TSX: AW-UN) opened its doors in 1956, it was Canada's first "chain" restaurant. You may remember visiting the little fast-food joints when you were a kid. Today, it's the second largest burger chain in the country.

Almost all of these restaurants are owned by franchisees — regular, hardworking business people. In exchange for using such a famous brand name, franchisees pay a fee to the A&W Revenue Royalties Income Fund. This trust collects 3% of all sales at A&W restaurants in Canada, which are passed right on to unitholders.

Today the fund is attractively priced with a yield over 5.2%. And unless people develop a sudden preference for Brussels sprouts, this trust should keep delivering distributions for years to come.

Fool contributor Robert Baillieul does not own shares in any of the companies mentioned at this time.

Matt DiLallo: EnCana Corporation (TSX: ECA)(NYSE: ECA)

It's hard not to like what **EnCana Corporation** (TSX: ECA)(NYSE: ECA) CEO Doug Suttles has done since taking over. He repositioned the company quickly by taking swift actions to slim down the workforce while also jettisoning non-core assets. He then replaced those assets by loading up on faster growing and higher margin oil assets by spending some $10 billion to gain a foothold in two fast growing U.S. shale plays. Now, with the company's transition compete he's planning to accelerate growth in 2015 despite the fact that oil prices have weakened.

EnCana is in a great position to accelerate its growth is because the margins on oil are still a lot higher than those the company was earning on natural gas. This is opening up the door for the company to deliver strong growth in 2015 even as it stays within its cash flow. With the company ready to turn a new corner on growth, Encana offers investors a compelling opportunity to profit from oil-fueled growth even though oil prices have fallen.

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

Nelson Smith: Extendicare Inc. (TSX: EXE)

Extendicare Inc. (TSX: EXE) is one of Canada's largest operators of nursing homes and assisted living facilities for the elderly. As Canada's 9.2 million baby boomers grow older, so will demand in the sector.

But Extendicare isn't just a long-term story. It recently announced the sale of its troubled U.S. assets for nearly $1 billion. Extendicare should net approximately $250 million from the transaction, allowing it to focus on more profitable Canadian operations.

Investors wanted management to commit to a share buyback with the proceeds, which didn't happen. The stock sold off sharply on the news, and hasn't recovered. Don't miss out on this chance to invest in the sector on the cheap, all while getting paid a 6.9% dividend.

Fool contributor Nelson Smith does not own shares in Extendicare.

Neha Chamaria: Potash Corp./Saskatchewan Inc. (TSX: POT)(NYSE: POT)

There's a lot brewing in the fertilizer industry, which is why**Potash Corp./Saskatchewan Inc.** (TSX: POT)(NYSE: POT) is one stock I'll watch closely this December.

In a sudden turn of events, Russian potash producer **Uralkali** suspended operations at its Solikamsk-2 mine last week after detecting "higher levels of brine inflow" that pose threat to its potash deposits. Worse yet, Uralkali discovered a wide sinkhole that could also put adjoining mine's operations at risk.

Since the two mines contribute roughly 5% to global potash supply, PotashCorp will be the biggest beneficiary as it steps in to plug any supply gap caused by Uralkali's production loss.

In the near term, demand for potash is strong, and contract negotiations with key customer China for 2015 deliveries are already underway. While that could push PotashCorp's sales volumes higher, any pressure on the supply side should also boost prices. In the longer run, possible closure of Uralkali's mine should seal PotashCorp's top position in the industry.

PotashCorp is already a compelling growth story, and this Uralkali fiasco only makes its prospects look brighter. Keep watching.

Fool contributor Neha Chamaria has no position in any stocks mentioned. The Motley Fool owns shares of PotashCorp.

Andrew Walker: Teck Resources (TSX:TCK.B) (NYSE:TCK)

Teck Resources (TSX: TCK.B)(NYSE: TCK) might be Canada's most diversified miner, but it produces two of the most downtrodden commodities on the planet: metallurgical coal and copper.

Fortunately for investors, the company is a low-cost producer in both products and its disciplined management of capital means strong margins and a stable dividend during tough times.

Global demand should improve for both copper and met coal through 2015 and long-term investors will like the free cash flow bonanza that should arrive when the Fort Hills oil sands project begins production in late 2017.

I'm happy with the 4.5% yield right now and willing to wait for better times.

Fool contributor Andrew Walker owns shares of Teck Resources Ltd.

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TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. NYSE:MFC (Manulife Financial Corporation)
3. NYSE:TECK (Teck Resources Limited)
4. TSX:AW.UN (A&W Revenue Royalties Income Fund)
5. TSX:BB (BlackBerry)
6. TSX:EXE (Extendicare Inc.)
7. TSX:MFC (Manulife Financial Corporation)
8. TSX:TECK.B (Teck Resources Limited)
9. TSX:WN (George Weston Limited)
10. TSX:WPM (Wheaton Precious Metals Corp.)

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