



## Top Stocks for July

### Description

We asked our top analysts for their favourite stock for July.

**Jacob Donnelly: Canadian National Railway Company ([TSX:CNR](#))([NYSE:CNI](#))**

Railroad stocks are a staple of any long-term portfolio. **Canadian National Railway Company** ([TSX:CNR](#))([NYSE:CNI](#)) is one of the best on the market today. And based on where the price currently sits, you're looking at a really great entry point.

Because of how deep its moat is, the fact that it has thousands of miles of railroad that are constantly bringing goods and resources are, and the fact that it has returned over \$1.5 billion to shareholders over the last year, I am confident that this company is the top stock for June and probably for months to come.

*Fool contributor Jacob Donnelly does not own shares in any stocks mentioned. [David Gardner](#) owns shares of Canadian National Railway. The Motley Fool owns shares of Canadian National Railway. Canadian National is a recommendation of Stock Advisor Canada.*

**Matt Smith: Canadian Utilities Ltd. ([TSX:CU](#))**

Global macroeconomic uncertainty makes now the time for investors to start ensuring their portfolios are capable of weathering any crisis. One way to do so is to invest in defensive stocks like regulated electric utility **Canadian Utilities Ltd.** ([TSX:CU](#)).

Like all electric utilities, it possesses a wide economic moat and benefits from the inelastic demand for electricity. These characteristics protect its earnings in times of economic uncertainty, while boosting them during periods of economic growth.

This has also allowed it to hike its dividend for the last 43 years straight, giving it a healthy 3.3% yield, with the last increase an impressive 10% clip in April of this year.

What's more, I expect this trend to continue. Canadian Utilities is focused on growth, and has

earmarked \$5.8 billion for investment in regulated utility and secured capital growth projects between now and 2017.

*Fool contributor Matt Smith has no position in any stocks mentioned.*

### **Andrew Walker: D+H Corporation (TSX:DH)**

**D+H Corp.** (TSX:DH) is better known as Davis & Henderson, the 130-year-old cheque printing company.

The original line of business is still profitable, but D+H is making the necessary adjustments to stay relevant as the rapid evolution of digital banking changes the financial industry.

Through a series of strategic acquisitions, D+H has become a key player in the rapidly growing financial technology or “FinTech” space.

Banks are facing unprecedented challenges as technology companies implement mobile payment solutions and governments change compliance regulations.

D+H has the technology to help financial institutions compete and its long-standing relationship with the banks positions it well to succeed in the FinTech space.

*Fool contributor Andrew Walker has no position in D+H Corp.*

### **Demetris Afxentiou: Loblaw Companies Limited (TSX:L)**

**Loblaw Companies Limited** (TSX:L) is the largest food distributor and pharmacy store operator in the country, employing over 130,000 across its more than 2300 locations. In addition to its food and pharmacy operations, it provides health, apparel, and financial products and services across different segments.

Loblaw has had a series of solid results, with its most recent quarter exceeding analyst expectations, by surpassing the previous year’s results by nearly 50%. The stock is currently near its 52-week high, up over 4% for the year, and 35% over the previous year. It pays a quarterly dividend of \$0.25, or \$1.00 annually — which has steadily increased over the past few years.

Analysts have consistently maintained an outperform rating on the stock for over five years, with good reason. Strong results, a commitment to renovating its existing stores, and expanding its footprint through acquisitions into new markets are all reasons for this. In my opinion, Loblaw remains a great long-term option for any portfolio.

*Fool contributor Demetris Afxentiou has no position in any of the companies mentioned.*

### **Ryan Vanzo: ONEX Corporation (TSX:OCX)**

While it's tough to buy into the private equity markets as an independent investor, **ONEX Corporation** (TSX:OCX) allows for a rare chance at direct exposure. ONEX not only has a massive private equity portfolio of its own, but it also manages outside investor capital for a fee, providing additional stability to its earnings. Not surprisingly, shares have returned an astounding 18% annually over the last 20 years.

In the company's latest filings, ONEX stated that its private equity holdings are worth roughly \$61 a share. While it still needs time to mature, the company believes its management business is worth anywhere from \$17 to \$21 per share. If management meets its targets, shares look to be almost 20% undervalued.

*Fool contributor Ryan Vanzo has no positions in ONEX Corporation.*

### **Kay Ng: Canadian Western Bank ([TSX:CWB](#))**

**Canadian Western Bank ([TSX:CWB](#))** remains my top idea for the third month in a row. The regional bank offers one of the best value and dividend ideas on the market today.

With 42% of its loans in Alberta, the oil price plummet has caused fear. The bank is now trading at around a price-to-earnings ratio of 11, costing \$29 per share. In my opinion, the price drop is unwarranted. By the second quarter of 2015, Canadian Western has already increased earnings per share by 4%. If you believe the oil price situation will get better, then, it is a rare opportunity to buy shares of the bank at a double-digit discount today.

Assuming 5% earnings growth, multiple expansion to 13.5 would yield an impressive rate of return of 53% by the end of 2018. And if the shares get back to a multiple of 15, that would be a rate of return of 69%.

Meanwhile, you get a 3% yield to wait. Did I mention Canadian Western Bank has increased dividends for 23 years in a row? The last increase occurred in June, and it equated to an annualized increase of 10%, triple the rate of inflation!

*Fool contributor Kay Ng owns shares of Canadian Western Bank.*

### **Doug Watt: Manulife Financial Corp. ([TSX:MFC](#))([NYSE:MFC](#))**

**Manulife Financial Corp. ([TSX:MFC](#))([NYSE:MFC](#))** is targeting growth in Asia as it seeks to diversify its traditional insurance business and boost its growing wealth management division. Manulife recently announced a 15-year agreement with DBS Bank, providing exclusive distribution rights for its financial products in Singapore, Hong Kong, Indonesia, and China.

The insurance sector is interest-rate sensitive and Manulife looks set to benefit from the U.S. Federal Reserve's plan to raise rates later this year. The financial services company has increased its dividend twice this year, and now sports a dividend yield of 2.8%. With a healthy amount of free cash flow, further dividend increases are expected. Manulife's shares hit a six-year high in June.

*Fool contributor Doug Watt has no position in Manulife Financial Corp.*

**Karen Thomas: Canadian Tire Corporation ([TSX:CTC.A](#))**

**Canadian Tire Corporation Limited ([TSX:CTC.A](#))** is in the midst of a transformation, and the company's results are evidence that it's working. The company reported its first-quarter 2015 results in May, which demonstrated continued strong same-store-sales growth. Canadian Tire Retail's same-store-sales increased 4.7% year over year, FGL Sports' same-store-sales increased 8.6%, and Mark's same-store-sales increased 5.5%.

Investors should expect continued strong results spurred by the purchase of 12 former Target locations, Canadian Tire's digital transformation, the new re-invented SportChek stores, and a renewed focus on the automotive business.

*Fool contributor Karen Thomas does not own shares of Canadian Tire.*

**CATEGORY**

1. Investing
2. Top TSX Stocks

**TICKERS GLOBAL**

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:CTC.A (Canadian Tire Corporation, Limited)
5. TSX:CU (Canadian Utilities Limited)
6. TSX:CWB (Canadian Western Bank)
7. TSX:L (Loblaw Companies Limited)
8. TSX:MFC (Manulife Financial Corporation)
9. TSX:ONEX (Onex Corporation)

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