



## Top Stocks for October

### Description

We asked our top investors for their favourite stocks for October. Here are their selections.

#### **Ryan Vanzo: Cameco Corporation ([TSX:CCO](#))([NYSE:CCJ](#))**

With its stock down 30% in the past 12 months, investors have been heavily discounting the future prospects of **Cameco Corporation** ([TSX:CCO](#))([NYSE:CCJ](#)). Fortunately for contrarian investors, the stock may now be a pretty attractive bargain.

Due to burgeoning demand and limited supply gains, uranium prices are expected to rise dramatically over the next decade. As a uranium producer with a 30% global market share, Cameco is enviably positioned. At its current valuation, shares are only trading at 10.6 times next year's earnings. With such a long-term tailwind behind it, this looks to be a great investment opportunity.

*Fool contributor Ryan Vanzo does not own shares of Cameco Corporation.*

#### **Kay Ng: Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#))**

**Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)) is my top idea for October. Canadian banks are some of those most stable banks in the world, and Bank of Nova Scotia is among them.

It has paid a dividend since 1832 without ever cutting it, not even during the financial crisis. Now, after a decline of 18% from its 52-week high of \$71, the stock is under \$58 per share and attractively yields 4.9%.

Just because it's cheaper doesn't mean the business is less valuable. In fact, in the last 12 months, the bank generated close to \$22 per share of free cash flow. Though this phenomenon of a sudden spike in free cash flow is common to three other big five banks.

At the same time Bank of Nova Scotia is chugging along, it doesn't forget to reward shareholders by increasing its dividend, which is being raised by an annualized rate of 6.1% in October.

Priced at a multiple of around 10, Bank of Nova Scotia shares are discounted by roughly 15% from its normal multiple of 12. In summary, Bank of Nova Scotia is cheap and priced at an attractive yield.

*Fool contributor Kay Ng owns shares of Bank of Nova Scotia.*

### **Demetris Afxentiou: BlackBerry Ltd. ([TSX:BB](#))([NYSE:BBRY](#))**

**BlackBerry Ltd.** ([TSX:BB](#))([NYSE:BBRY](#)) reported quarterly results on September 25 that did not meet analysts' expectations. The company posted a worse than expected loss of 13 cents per share, and revenue which was expected to come in at over \$600 million, was only \$491 million.

An important distinction that analysts often neglect to consider, and why I really like this stock is that the company is in the midst of a turnaround and engaging in three core initiatives that will bear significant revenues in the months and years ahead. Specifically BES adoption, the upcoming BlackBerry Priv device that runs Android, and the company's play on the IoT market — Project Ion.

With the much anticipated Priv slated to hit the market before the holidays, and Project Ion set for a proof concept in November, there is significant upside to BlackBerry over the next few months. BES revenues are ongoing and the company recently announced a number of new sign-ups from large corporations.

With the stock trading at less than \$9, and a war chest of over \$3 billion, the company is on sound financials and is truly a bargain at the current price.

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

### **Doug Watt: Agrium Inc. ([TSX:AGU](#))([NYSE:AGU](#))**

**Agrium Inc.** ([TSX:AGU](#))([NYSE:AGU](#)), the largest agricultural retailer in the United States, has built itself a bullet-proof business. Despite fluctuations in crop prices, Agrium still does well, because farmers always need to buy fertilizer to produce those crops.

Despite a drought in western Canada this summer and record rainfall in parts of the U.S. corn belt, Agrium's net earnings still grew to \$675 million in the second quarter, even as sales declined. The company has also been buying up additional North American retail centers, a strategy that has been successful in an industry that is highly fragmented.

Not content with dominating the fertilizer market, Agrium also runs a wholesale business that manufactures nitrogen, phosphate, and potash fertilizers. Agrium shares have climbed 7% year-to-date and will likely continue to rise.

*Fool contributor Doug Watt does not own shares of Agrium Inc. Agrium is a recommendation of Stock Advisor Canada.*

### **Andrew Walker: Rogers Communications Inc. ([TSX:RCI.B](#))([NYSE:RCI](#))**

**Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)) could be setting up for a big win in its media division.

Rogers owns the Toronto Blue Jays, the Rogers Centre, and the media outlets that broadcast the games. With the success of the team over the past few months, fans have returned in huge numbers and they are spending a lot of money on tickets and merchandise.

Media revenues should be strong in Q3 and the momentum could carry into next year, especially if the NHL broadcasts go well.

If you are a Blue Jays fan you might want to buy a piece of the team now, just in case they go all the way.

*Fool contributor Andrew Walker has no position in Rogers Communications Inc. Rogers Communications is a recommendation of Stock Advisor Canada. The Motley Fool owns shares of Rogers Communications.*

### **Nelson Smith: Athabasca Oil Corp** ([TSX:ATH](#))

Predicting the price of oil over the short term is a sucker's bet. All I know is that the price of crude will likely be much higher at some point in the future. And I want to own oil stocks when that happens.

**Athabasca Oil Corp** ([TSX:ATH](#)) is dripping with potential. The company's Hangingstone project is projected to double its current production in the next year, and has long-term potential to produce 80,000 barrels of oil per day. And that's just phase 1 of the project.

The company is also investing heavily in the Duvernay, with a long-term potential to have 1,000+ wells in the region. That translates into projected production of 50,000 barrels per day by 2019.

The company also has a net cash position, which is helpful in today's oil price environment.

*Fool contributor Nelson Smith has no position in Athabasca Oil.*

### **Neha Chamaria: Agrium Inc.** ([TSX:AGU](#)) ([NYSE:AGU](#))

I also selected **Agrium Inc.** ([TSX:AGU](#))([NYSE:AGU](#)) this month. It was on track to be one of the top-performing stocks this year until last month when it fell 13% without any valid triggers. It's a classic case of a high-quality stock suddenly trading at lower prices thanks to broader market concerns.

Peer **Mosaic's** recent outlook downgrade for potash proved double whammy, though Agrium has little to do with the nutrient. While both **Potash Corp.** and Mosaic are pure fertilizer plays, Agrium derives a greater portion of revenue from seeds and crop protection products, the demand for which is relatively inelastic. That explains why Agrium expects to grow its 2015 earnings per share by more than 25% even after reducing its guidance last quarter.

With the company projecting huge cash flow growth in coming years as its capital expenditure levels off, investors can also expect greater dividends – Agrium plans to increase its payout ratio from 35% to 50%. The stock yields nearly 4% at current price.

Given Agrium's earnings and dividend growth potential, I believe the recent drop in its share price presents a great entry point for long-term investors.

*Fool contributor Neha Chamaria has no position in any of the stocks mentioned. Agrium is a recommendation of Stock Advisor Canada.*

### **Jacob Donnelly: Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#))**

Bank stocks are a must have in any portfolio. And **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)), one of the smaller of the Big Five, is my pick for October.

There are three reasons for this. The first is that its recent acquisition of **GE Capital's** automotive financing division will help it expand its commercial lending even more. The second is because it currently trades at 9.8 times its expected earnings next year, making it a steal right now.

But the most important reason is because it pays a very lucrative 4.64% yield, which comes out to \$0.82 a quarter. The best part is that it hasn't missed a dividend payment since 1829. It's a secure, well-funded dividend.

*Fool contributor Jacob Donnelly does not own any shares in Bank of Montreal.*

### **CATEGORY**

1. Investing
2. Top TSX Stocks

### **TICKERS GLOBAL**

1. NYSE:BB (BlackBerry)
2. NYSE:BMO (Bank of Montreal)
3. NYSE:BNS (The Bank of Nova Scotia)
4. NYSE:CCJ (Cameco Corporation)
5. NYSE:RCI (Rogers Communications Inc.)
6. TSX:BB (BlackBerry)
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9. TSX:CCO (Cameco Corporation)
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