



Top Stocks for February

Description

We asked our analysts to share their top stock picks for the coming month.

Demetris Afxentiou: Canadian National Railway Company

Canadian National Railway Company ([TSX:CNR](#))([NYSE:CNI](#)) is the largest railroad operator in the country, with a 32,000-km network and access to three ports in North America.

Canadian National is coming off a great quarter, as earnings per share of \$1.18 beat expectations by \$0.07, and revenues of \$3.17 billion fell just short of expectations by \$50 million. Despite this, the company announced a 20% hike to the quarterly dividend, effective on March 31.

With oil prices still at lows, and the Keystone XL project all but canceled, transporting crude by rail is still a cost effective and viable option. Canadian National's network extends through the U.S. to the refineries on the Gulf coast, making the company a perfect option for transporting crude to U.S. refineries.

Fool contributor Demetris Afxentiou has no position in this company. Canadian National Railway is a recommendation of Stock Advisor Canada. [David Gardner](#) owns shares of Canadian National Railway. The Motley Fool owns shares of Canadian National Railway.

Joseph Solitro: Telus Corporation ([TSX:T](#))([NYSE:TU](#))

Telus Corporation ([TSX:T](#))([NYSE:TU](#)) is one of the largest telecommunications companies in Canada, and it's my top stock pick for February for two reasons.

First, it's undervalued. It trades at just 16.2 times fiscal 2015's estimated earnings per share of \$2.42 and only 14.5 times fiscal 2016's estimated earnings per share of \$2.71, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 17.3.

Second, it has a great dividend. It pays a dividend of \$0.44 per share quarterly, or \$1.76 per share annually, giving it a yield of about 4.5%. It has also raised its annual dividend payment for 12

consecutive years, and it has a program in place to raise it by another 10% in 2016.

I think Telus represents one of the best long-term investment opportunities in the market, and Foolish investors should strongly consider establishing positions today.

Fool contributor Joseph Solitro has no position in this company.

Matt Smith: The Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#))

It has been a tough year for **The Bank of Nova Scotia ([TSX:BNS](#))([NYSE:BNS](#))**, as it has been punished for its considerable exposure to unsecured consuming lending and emerging markets. As a result, it now appears attractively priced, especially once its solid long-term growth prospects are accounted for.

The bank's exposure to the rapidly growing economies of Colombia, Peru, and Chile may be a short-term headwind, but considerably enhance its long-term potential. Colombia and Peru are heavily under-banked, have rapidly expanding middle classes, and have averaged GDP growth of over 4% annually for the last five years.

This emerging markets exposure also diversifies its earnings away from an oversaturated Canadian financial services market that is feeling the impact of the oil crunch.

Then there is the juicy 5% dividend yield that will reward patient investors as they wait for this to translate into a nice bump in earnings and a higher share price.

Fool contributor Matt Smith has no position in this company.

Andrew Walker: Inter Pipeline Ltd. ([TSX:IPL](#))

Inter Pipeline Ltd. ([TSX:IPL](#)) is delivering solid results despite challenges in the oil and gas markets.

The company moves about 35% of Canadian oil sands production and 15% of western Canada's conventional oil output. Inter also operates a successful liquids storage business in Europe.

The company's oil sands customers might be putting expansion projects on hold but their existing facilities are still cranking out the bitumen at a healthy clip. In fact, Inter Pipeline reported record funds from operations in Q3 2015 and just raised the dividend.

The 6.9% yield looks safe and investors could see a nice rebound in the stock when energy prices recover.

Fool contributor Andrew Walker has no position in Inter Pipeline Ltd.

Kay Ng: Northview Apartment REIT ([TSX:NVU.UN](#))

Northview Apartment REIT's ([TSX:NVU.UN](#)) share price has fallen more than 40% from 2014. It's now a compelling value and income investment with a 9.6% yield.

Northview is trading at a significant discount to its peers and its normal historical multiple. From \$17, it can rise to the \$27 to \$28 level for a 58-65% price appreciation. However, commodity prices need to

show signs of recovery first because 22% of its net operating income comes from resource-based regions.

Northview's residential portfolio maintains an occupancy rate of 93%. On top of that, its payout ratio is only 67%. So, shareholders can enjoy a safe 9.6% yield while they patiently wait for its price appreciation.

Fool contributor Kay Ng owns shares of Northview Apartment REIT.

Karen Thomas: Northland Power Inc. ([TSX:NPI](#))

Investors can view Northland Power as a "safer" way to play the clean energy investment theme, a theme that one can reasonably expect to be very profitable for those investors who invest in it. Northland Power has been around since 1987, and is a diversified producer of solar, wind and thermal power.

The future looks bright for the company, as capital spending will decrease in 2017 and bring with it a lower payout ratio, and as the company's exposure to clean energy will increase dramatically. On top of the potential upside to the stock, investors are rewarded with a dividend yield of north of 6%.

Fool contributor Karen Thomas owns shares of Northland Power Inc.

Jacob Donnelly: Telus Corporation ([TSX:T](#))([NYSE:TU](#))

Despite concerns about competition, I also believe that **Telus Corporation** ([TSX:T](#))([NYSE:TU](#)) is the top stock for investors right now. The stock has been hammered down over the past few months, making the stock incredibly attractive.

Across the board, Telus is seeing growth in its multiple products. It added 26,000 new television customers in its last quarter whereas other telecoms lost subscribers. Its wireless business has seen a 3% increase in subscribers year-over-year.

All of this has allowed the company to pay a 4.5% yield, which is \$0.44 per quarter. I expect the dividend to continue rising since the payout ratio is at 70%, which is in the middle of the company's desired range of 65-75%.

Fool contributor Jacob Donnelly does not own shares in this company.

CATEGORY

1. Investing
2. Top TSX Stocks

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:TU (TELUS)
4. TSX:BNS (Bank Of Nova Scotia)
5. TSX:CNR (Canadian National Railway Company)

6. TSX:NPI (Northland Power Inc.)
7. TSX:T (TELUS)

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Author

motley-fool-staff

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