



## Top Stocks for May

### Description

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

Teck Resources Ltd. (TSX:TCK.B)(NYSE:TCK) has more than tripled off the January low, and more upside could be on the way.

The company just reported a surprise profit of \$0.03 per share for Q1 2016 with all but one of its facilities delivering positive cash flow. Prices are beginning to recover in the coal, copper, and zinc markets, and oil looks like it might have finally bottomed out.

With nearly \$9 billion in long-term debt on the balance sheet, Teck still carries risk, but this stock is acting like a tightly wound spring, and continued strength in commodities should extend the rally.

*Fool contributor Andrew Walker owns shares of Teck Resources Ltd.*

#### **Ryan Vanzo: Innergex Renewable Energy Inc. (TSX:INE)**

With over 25 years of operating experience, **Innergex Renewable Energy Inc. (TSX:INE)** is one of the leading independent renewable power producers in Canada. Now that renewable energy is reaching cost-parity with traditional fuel sources, the company is finding plenty of avenues for growth. Since 2010, its power generation has more than doubled. According to the EIA, global renewable generation is expected to grow 5.4% per year through 2020.

That growth is resulting in hefty dividends for shareholders. Today the company's stock has a 4.6% yield. If management can execute its growth initiatives, there should be plenty of room to raise that payout.

*Fool contributor Ryan Vanzo has no position in this company.*

#### **Neha Chamaria: Canadian Pacific Railway Limited (TSX:CP)(NYSE:CP)**

I'm betting on **Canadian Pacific Railway Limited (TSX:CP)(NYSE:CP)** this May, and my bet is

backed by the railroad's surprisingly strong Q1 numbers and outlook. CP expects to deliver a double-digit growth in earnings per share this year at a time when rival **Canadian National Railway** lowered its 2016 guidance to flat EPS.

On the one hand, CP's profits are poised to grow at a strong rate. On the other, it is doling out unused cash to shareholders that it had kept aside for its now-failed takeover bid for **Norfolk Southern**—CP just raised its quarterly dividend by a whopping 43%. Ideally, CP's stock should follow suit as its profits and shareholder returns expand. The good news is that at 18 times trailing earnings, CP is currently trading way below its five-year average P/E of 27.6 and almost at par with the industry average. That's certainly a bargain for a company that is expected to grow at a faster clip than the industry over the next five years.

*Fool contributor Neha Chamaria has no position in this company.*

### **Demetris Afxentiou: Silver Wheaton Corp. (TSX:SLW)(NYSE:SLW)**

**Silver Wheaton Corp** (TSX:SLW)(NYSE:SLW) is a pure-play streaming company. Basically the company provides upfront payments to mining companies, which in turn get the mines up and running. Streamers get the mined metals at a discount that are then sold off at the market price.

That discounted price can be huge—as much US\$400 per ounce for gold and US\$4 an ounce for silver. Considering that the price of gold is up 16% in the past three months, that is extra revenue lining the pockets of Silver Wheaton.

Silver is one of the key components in manufacturing solar panels. As renewable energy continues to gain in popularity, a squeeze in supply could drive silver prices up even further. Year-to-date, the stock is up by 40% and is likely to continue rising given the current market conditions.

*Fool contributor Demetris Afxentiou has no position in this company.*

### **Kay Ng: Brookfield Renewable Energy Partners LP (TSX:BEP.UN)(NYSE:BEP)**

**Brookfield Renewable Energy Partners LP** (TSX:BEP.UN)(NYSE:BEP) owns global renewable power-generating assets with roughly 10,400 megawatts of installed capacity.

It has 82% of its generation from hydro and 16% is from wind. Its cash flows are 90% contracted and stable; 70% are generated in North America, 20% are from Brazil, and 5% are from Colombia and Europe, respectively.

Brookfield Renewable has hiked its dividend for six consecutive years. It pays a quarterly distribution of US44.5 cents per share. At \$37 per share, it's reasonably priced and yields 5.8% based on a foreign exchange of US\$1 to CAD\$1.20.

The company targets annual distribution increases of 5-9%, indicating an estimated total return of 10.8-14.8%. So, it is a strong candidate for income and total-return investors.

*Fool contributor Kay Ng owns shares of Brookfield Renewable Energy Partners LP.*

### **Jacob Donnelly: Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#))**

For me, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) is the top stock of the month because it is a contrarian bank investment. Of all the stocks in Canada, it is the most heavily shorted.

And on the surface, that makes sense because investors are worried that oil is going to have a negative impact on the bank.

However, I believe this shorting is a horrible mistake. TD is probably the safest Canadian bank because its exposure to the oil sector is only 1% of its loan book. Therefore, even if oil prices dropped to nothing, that wouldn't have serious implications for the stock. And if its \$2.2 billion in Q1 earnings are any sign, this bank is a cash cow.

Take advantage of the contrarian investment and buy this stock to see significant returns on investment.

*Fool contributor Jacob Donnelly has no position in this company.*

### **Will Ashworth: Alaris Royalty Corp. (TSX:AD)**

**Alaris Royalty Corp.** (TSX:AD) is a private equity firm designed for entrepreneurial companies in need of capital that don't want to give up control of their businesses.

I like Alaris because, unlike traditional private equity, it provides its partners with a financial arrangement that is beneficial to both the borrowers and Alaris investors. It does this by providing the capital in exchange for a non-voting preferred share position, which ensures it gets paid ahead of other equity. The partner gets to retain control of their business, and when things get tough, because the preferred distribution is based on top-line revenue, the payout is lowered to account for the slowdown in business. It's a win/win for both parties.

Alaris stock had a poor year in 2015, losing 29%, but it has turned the corner and is up substantially in 2016. While it won't test its all-time high of \$37.69 in May, I'd look for it to deliver double-digit gains over the next month.

*Fool contributor Will Ashworth has no position in this company.*

## **CATEGORY**

1. Investing
2. Top TSX Stocks

## **TICKERS GLOBAL**

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:CNI (Canadian National Railway Company)
3. NYSE:CP (Canadian Pacific Railway)
4. NYSE:TD (The Toronto-Dominion Bank)

5. NYSE:TECK (Teck Resources Limited)
6. TSX:AD.UN (Alaris Equity Partners Income Trust)
7. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
8. TSX:CNR (Canadian National Railway Company)
9. TSX:CP (Canadian Pacific Railway)
10. TSX:INE (Innergex Renewable Energy)
11. TSX:TD (The Toronto-Dominion Bank)
12. TSX:TECK.B (Teck Resources Limited)
13. TSX:WPM (Wheaton Precious Metals Corp.)

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