



Top Stocks for August

Description

Kay Ng: Altagas Ltd. ([TSX:ALA](#))

Altagas Ltd. ([TSX:ALA](#)) just had an excellent quarter. Compared with the same three-month period in 2015, its normalized EBITDA and cash flow increased by 43% to \$153 million and 68% to \$114 million, respectively.

Altagas is a diversified business focused on three stable business segments: natural gas midstream (21% of EBITDA), contracted power (42%), and regulated utilities (37%).

By 2020, it aims to earn one-third of its EBITDA from each segment, and it has projects planned for each, which should further increase the stability of its earnings.

There's more to like about Altagas. It has hiked its dividend for five consecutive years, and Altagas just hiked it by 6.1%. Today it yields about 6.4%, which makes it a great addition to any diversified income portfolio, especially on dips.

Fool contributor Kay Ng owns shares of Altagas Ltd.

Neha Chamaria: Canadian National Railway Company ([TSX:CNR](#))([NYSE:CNI](#))

If you want a solid stock to invest in this month, look no further than **Canadian National Railway Company** ([TSX:CNR](#))([NYSE:CNI](#)). I'm mightily impressed by the railroad giant's second-quarter performance.

Its net profit declined only 3% and the operating margin climbed two percentage points year over year on 9% lower revenue. Furthermore, Canadian National's operating ratio hit a second-quarter record low of 54.5%, and it still expects to end 2016 with flat earnings per share despite a challenging business environment.

Don't get worked up by the stock's recent run up as the rally may have just begun. Consider this: Canadian National is trading at par with the industry on a trailing P/E basis despite its best-in-class

margins and operating ratio. What's more, the company is expected to grow at a faster clip than the industry in the coming five years.

Canadian National is clearly undervalued, offering you the perfect chance to jump in now.

Fool contributor Neha Chamaria has no position in this company.

Scott Brandt: Boralex Inc. ([TSX:BLX](#))

Earlier this year **Boralex Inc.** ([TSX:BLX](#)) announced its best quarter in the company's history. Cash flows from operations grew by 64% with earnings before taxes up 45%. The company attributed the majority of these gains to better than expected output from its wind and hydro facilities.

It's not unreasonable to think its second quarter will look any different. In the second quarter of 2015 the company recorded a 125% increase in its cash flows from operations and a 45% increase in its earnings before taxes.

The future looks bright for Boralex as it aims to expand its fleet of renewable generation facilities to 1,650 MW, targeting an annual growth rate of 10% for the period of 2015 to 2020.

On top of the potential upside to the stock, investors were rewarded this year with a 7.7% increase to the dividend.

Fool contributor Scott Brandt has no position in this company.

Nelson Smith: Akita Drilling Ltd. ([TSX:AKT.B](#))

Akita Drilling is a small-cap oil driller that is nicely positioned to weather an extended downturn in the energy sector.

The company paid off the last of its debt in 2015 and got a nice cash injection from some canceled contracts in its latest quarter. This boosted its cash position to more than \$22 million, which should be more than enough for it to continue paying its 4.2% dividend.

Shares trade at a little more than half of book value, and the company generated a comfortable amount of cash flow even during a challenging market.

Fool contributor Nelson Smith has no position in this company.

Matt Smith: Northland Power Inc. ([TSX:NPI](#))

The rise of renewable energy to be a cost effective and credible alternative to fossil fuels has occurred at an incredible rate. The industry attracted a record US\$329 billion in investment during 2015 alone. This rapid growth will continue at a brisk pace as the secular trend to renewable energy acts as a powerful tailwind for the industry.

One company well positioned to benefit is **Northland Power Inc.** ([TSX:NPI](#)), which has a Canadian-focused portfolio of renewable energy assets, encompassing wind, solar, and geothermal power. It is also in the process of boosting its European presence with two offshore wind farms under construction

in Germany and the Netherlands, while it has a hydro project under development in Canada.

On completion, these will expand Northland's installed capacity, increasing its presence in large electricity markets where governments have focused on boosting the presence of renewables in the energy mix. Over time this will give its bottom line a healthy bump. While investors wait for this to occur, they will be rewarded by its juicy 4% dividend yield.

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

Matt DiLallo: Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#))

Energy infrastructure giant **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) offers investors the best of both worlds. For growth investors, the company's \$26 billion of commercially secured projects is expected to grow its available cash flow from operations by 12-14% annually through 2019. Further, because fee-based assets back 95% of its current cash flow and the bulk of its backlog, this growth is pretty much a slam dunk.

Meanwhile, income investors will love the fact that Enbridge currently pays a generous 4.1% dividend. Further, its growing cash flow stream is expected to fuel 10-12% annual dividend growth through the end of the decade. Finally, it will do so while paying out less than half of its available cash flow.

Needless to say, whether you are seeking growth or income, Enbridge has both in spades, making it a great stock to buy this month and hold for the long term.

Fool contributor Matt DiLallo has no position in this company.

Andrew Walker: Enbridge Inc. ([TSX:ENB](#))([NYSE:ENB](#))

I've also chosen **Enbridge Inc.** ([TSX:ENB](#))([NYSE:ENB](#)) as my top pick for August.

Enbridge is out of favour right now, but investors with a buy-and-hold strategy should see the weakness as an opportunity to pick up the stock.

The company has taken a hit as investors fret about problems with the Northern Gateway project and hefty charges for pipeline spills in the United States.

Those issues are certainly important, but the big-picture outlook for the company remains attractive.

Enbridge continues to invest in green energy as well as new liquids pipeline assets and has a backlog of organic-growth opportunities that should support annual dividend hikes of at least 8% through the next three years.

The stock has a fantastic track record of rewarding patient investors, and there is little reason to believe the trend will change.

Fool contributor Andrew Walker has no position in this company.

Demetris Afxentiou: BCE Inc. ([TSX:BCE](#))([NYSE:BCE](#))

BCE Inc. ([TSX:BCE](#))([NYSE:BCE](#)) is involved in our everyday lives like no other. BCE has a wide

variety of revenue sources beyond the company's core internet, TV and wireless segments, including radio and TV stations, sports teams, and real estate properties.

BCE recently completed the purchase of Manitoba Telecom Services for \$3.9 billion, which will boost its presence in that province, bringing in more customers and revenue to the BCE realm.

BCE also pays one of the best dividends on the market. The company raised the dividend an incredible 12 times in the past eight years. The current quarterly dividend is set at \$0.68 per share, giving the stock a yield of 4.36%.

Fool contributor Demetris Afxentiou has no positions in this company.

CATEGORY

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2. Top TSX Stocks

TICKERS GLOBAL

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2. NYSE:CNI (Canadian National Railway Company)
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4. TSX:ALA (AltaGas Ltd.)
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