



## Top Stocks for January

### Description

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

**Silver Wheaton Corp.** (TSX:SLW)(NYSE:SLW) is a pure-play streaming company with massive potential. Streamers provide upfront financing to traditional miners to set up operations and, in exchange, receive a percentage of the precious metals from those mines at a discounted rate, which can be as low as US\$400 per ounce for gold and US\$4 per ounce for silver.

Silver Wheaton's streaming partners have some of the lowest costs in the industry and are set to provide Silver Wheaton with approximately 330,000 ounces of gold and over 30 million ounces of silver annually over the next few years.

With some gold pundits calling for the precious metal to appreciate to US\$1,400 per ounce over the next year thanks to growing demand in foreign markets, Silver Wheaton's growth prospects seem brighter than ever.

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

#### **Jacob Donnelly: Manulife Financial Corp. (TSX:MFC)(NYSE:MFC)**

For much of 2016, **Manulife Financial Corp.** (TSX:MFC)(NYSE:MFC) was in a tough position because of poor investment choices and actuarial mishaps that were projected to cost \$500 million.

However, November and December have been very good months for the company. The Federal Reserve increasing its benchmark interest rate puts the company in a solid position for investment returns in 2017. And, with its Asian division continuing to have record sales, Manulife is, in my opinion, a top stock.

Going forward, the company should continue to experience strong sales in Asia, and if the Fed raises rates again, profits from its Treasury investments should continue to outperform. I say this is a strong buy.

*Fool contributor Jacob Donnelly does not own shares in Manulife Financial Corp.*

**Alexander John Tun: Manulife Financial Corp. ([TSX:MFC](#))([NYSE:MFC](#))**

I also chose **Manulife Financial Corp. ([TSX:MFC](#))([NYSE:MFC](#))** as my top stock for January. Even though the financials have rallied tremendously within the past quarter, I expect Manulife to carry this momentum into January. Despite the stock's incredible run, Manulife is still undervalued in comparison to the major Canadian banks, while offering tremendous exposure to the steepening U.S. yield curve.

Moreover, with the overhang of a large actuarial charge now removed, we can expect Manulife to continue rallying on the strength of its growing Asian segment (core earnings of US\$302 million versus US\$258 million in Q3 2015), a safe 3% yield, and expectations of a fiscal stimulus as the U.S. makes the transition towards a Donald Trump presidency.

*Fool contributor Alexander John Tun has no position in Manulife Financial Corporation.*

**Nelson Smith: Morguard Real Estate Inv. ([TSX:MRT.UN](#))**

There's one simple reason I like **Morguard Real Estate Inv. ([TSX:MRT.UN](#))**, which is the owner of 49 properties in six provinces across Canada. It's incredibly cheap.

Shares trade hands for \$14.54 each as I write this — a huge discount versus its book value, which is closer to \$26 per share. The stock could double from here and still only barely trade at a premium to the value of its assets.

Management has bought back 4.5 million shares since the end of 2012, and the company's 6.6% dividend is very sustainable. Shares are cheap from an earnings perspective too, trading at just 11.5 times adjusted funds from operations.

*Fool contributor Nelson Smith has no position in Morguard REIT.*

**Andrew Walker: RioCan Real Estate Investment Trust ([TSX:REI.UN](#))**

**RioCan Real Estate Investment Trust ([TSX:REI.UN](#))** has sold off over the past six months amid fears that rising interest rates will hammer the REIT sector.

The concerns are valid if rates rise significantly over a short period of time, but the market appears to be getting ahead of itself, especially in the case of RioCan.

The company's Q3 leverage ratio was down to 39.6% in 2016 compared to 46.1% last year, so debt is moving in the right direction.

Occupancy rates are rising, and most of RioCan's properties have top-quality anchor tenants.

The distribution should be safe, and the pullback from the July high means income investors can now pick up a respectable 5.4% yield.

*Fool contributor Andrew Walker has no position in RioCan Real Estate Investment Trust.*

**Neha Chamaria: Fortis Inc. ([TSX:FTS](#))([NYSE:FTS](#))**

With the market breaking out, it might be safe to play defensive dividends going forward. **Fortis Inc. ([TSX:FTS](#))([NYSE:FTS](#))**, one of North America's largest electric and gas utilities which gets 92% of its earnings from regulated utilities, fits the bill.

Fortis is entering 2017 on a solid note, having recently acquired ITC Holdings Corp. — the largest pure-play transmission company. While the nature of Fortis's business should ensure stable earnings, the company should also be able to unlock value from the acquisition in 2017. To top that, a weak loonie could boost its bottom line further as Fortis converts its earnings from the U.S. into Canadian dollars.

With Fortis eyeing average annual dividend growth of 6% through 2021, investors can enjoy 3.9% dividend yield, even as they expect strong capital and income appreciation on the back of Fortis's potential earnings growth in 2017.

*Fool contributor Neha Chamaria has no position in Fortis Inc.*

**Kay Ng: Algonquin Power & Utilities Corp. ([TSX:AQN](#))**

**Algonquin Power & Utilities Corp. ([TSX:AQN](#))([NYSE:AQN](#))** is a North American utility with above-average growth. It has an installed capacity of about 1,300 megawatts — powered by clean energy facilities. It also provides water, electricity, and natural gas utility services to more than 560,000 U.S. customers.

Algonquin offers an above-average 5% yield due partly to its U.S. dollar-denominated dividend. The company got its last regulatory approval for the **Empire District Electric** merger a few days before Christmas. The merger is expected to close in early January.

The transaction will boost Algonquin's earnings and cash flows immediately and help support management's guidance to grow its dividend per share by 10% annually for the next five years.

*Fool contributor Kay Ng owns shares of Algonquin Power & Utilities Corp.*

**Matt DiLallo: Canadian Natural Resource Limited ([TSX:CNQ](#))([NYSE:CNQ](#))**

**Canadian Natural Resource Limited ([TSX:CNQ](#))([NYSE:CNQ](#))** is entering a transformational year. The company recently completed a major expansion phase at its Horizon oil sands facility, which will drive production and cash flow growth throughout next year. In addition, the company is putting the finishing touches of another expansion phase at that facility, which should be complete by the end of next year.

The completion and start up of these two major projects, when combined with rising oil prices, should fuel substantial free cash flow next year. As things currently stand, the company expects to generate \$1.7 billion of free cash flow next year after funding a \$3.9 billion capex program and its current dividend of \$1.1 billion. That excess cash flow gives the company ample options to increase shareholder value, including paying down debt, boosting the dividend, or investing in new growth projects.

Bottom line, 2017 should be a tremendous year for Canadian Natural Resources, which is why investors should consider buying it to start the year.

*Fool contributor Matt DiLallo has no position in Canadian Natural Resources.*

### **Joey Frenette: Loblaw Companies Limited ([TSX:L](#))**

**Loblaw Companies Limited ([TSX:L](#))** has been flat for over a year now, despite reporting decent earnings for its last quarter.

The only reason why the stock can't break through its ceiling of resistance is because **Empire Company Limited** has scared investors from investing in the Canadian grocery scene.

But Loblaw has far superior management and some very promising growth prospects. Shoppers Drug Mart continues to be a bright spot as it grows sales with every passing quarter.

The stock is ridiculously cheap right now and could be a fantastic pick for the contrarian investor who is looking for deep value.

*Fool contributor Joey Frenette owns shares in Loblaw Companies Limited*

### **Chris MacDonald: Bombardier, Inc. ([TSX:BBD.B](#))**

**Bombardier, Inc. ([TSX:BBD.B](#))** has been on a bumpy ride in 2016. Its stock has experienced significant volatility throughout the year. December was a positive month for Bombardier, and I expect the forward momentum to carry into January, pushing the company's stock price substantially higher in the first month of 2017.

Talks with the federal and provincial governments over aid are slated to end shortly and are anticipated to have a positive impact on Bombardier in the short term. The company has seen its firm order list continue to grow and will move towards capacity on its production lines for its CSeries CS100 airplane.

January is typically a slower month for transportation and transportation services in general; however, given Bombardier's recent momentum and cycle of positive news releases, look for January to be an unusually upbeat month for the Canadian transportation equipment manufacturer.

*Fool contributor Chris MacDonald has no position in Bombardier, Inc.*

### **Ryan Goldman: Dream Office Real Estate Investment Trst ([TSX:D.UN](#))**

Going into 2017, shares of **Dream Office Real Estate Investment Trst ([TSX:D.UN](#))** clearly have momentum on their side. Having found a base in November, shares have rallied during the past six weeks and have thoroughly crossed over their 200-day moving average. The beauty of this security is its ability to buy \$23.75 of tangible book value for less than \$20 per share.

The reward: new investors are paid almost an 8% yield to wait for the stock to return to full value.

Here's hoping the momentum will continue.

*Fool contributor Ryan Goldsman owns shares of Dream Office Real Estate Investment Trst.*

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## TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:MFC (Manulife Financial Corporation)
4. TSX:AQN (Algonquin Power & Utilities Corp.)
5. TSX:BBD.B (Bombardier)
6. TSX:CNQ (Canadian Natural Resources Limited)
7. TSX:D.UN (Dream Office Real Estate Investment Trust)
8. TSX:FTS (Fortis Inc.)
9. TSX:L (Loblaw Companies Limited)
10. TSX:MFC (Manulife Financial Corporation)
11. TSX:MRT.UN (Morguard Real Estate Investment Trust)
12. TSX:REI.UN (RioCan Real Estate Investment Trust)
13. TSX:WPM (Wheaton Precious Metals Corp.)

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