



Top Stocks for February

Description

Stephanie Bedard-Chateauneuf: Algonquin Power & Utilities Corp. ([TSX:AQN](#))([NYSE:AQN](#))

Algonquin Power & Utilities Corp. ([TSX:AQN](#))([NYSE:AQN](#)), a renewable energy and regulated utility company, is my top stock for February.

The strength of this company lies in its diversified business model, its geographic diversification and its expansion plans.

Algonquin reported a 2017 third-quarter adjusted EPS of \$0.16 on revenue of \$443.3 million, representing 78% and 100% increases, respectively, as compared to the third quarter of 2016.

The company's earnings are expected to grow at an average annual rate of 15% for the next five years.

The quarterly dividend was raised in November to US\$0.1165 per share, and the stock is yielding about 4%. The utility company plans to increase its dividend by 10% through 2021.

Algonquin is much cheaper than its peers, with a P/E of 28 compared to 78 for the industry.

Fool contributor Stephanie Bedard-Chateauneuf has no position in shares of Algonquin Power & Utilities Corp.

Ryan Goldman: TransAlta Corporation ([TSX:TA](#))([NYSE:TAC](#))

After watching shares trade in a narrow range between \$7 and \$8.50 over the past year, the higher interest rates have finally brought on a selloff which have made **TransAlta Corporation ([TSX:TA](#))([NYSE:TAC](#))** very attractive at a \$7 price point once again. In spite of higher interest rates, the company has substantial firepower to either raise the dividend or undertake a major share buyback as many have started to shun the utility industry. The dividend yield of 2.5% may just be the tip of the iceberg for those willing to remain patient with this investment.

With tangible book value in excess of \$10 per share (shares trade at a 30% discount), investors need

to ask themselves just how much upside they want to realize from this high-quality utility company!

Fool contributor Ryan Goldsman owns shares in TransAlta Corporation.

Demetris Afxentiou: Dollarama Inc. ([TSX:DOL](#))

Dollarama Inc. ([TSX:DOL](#)) is a great investment and my pick for this month. Dollarama's over 1,000 locations blanket the country and continue to provide investors with a massive growth opportunity.

Dollarama imports its products in bulk and sells them on in various fixed price points that range up to \$4. The recent appreciation of the loonie means that Dollarama's buying power has increased, which can result in either Dollarama buying more goods at the same price, or Dollarama purchasing higher quality goods at the current lower price.

Either way, Dollarama – and by extension, investors – will continue to reap the rewards of this king of retail that has perennially outperformed during quarterly results leading to the stock surging over 125% in the past two years.

Fool contributor Demetris Afxentiou has no position in any stocks mentioned.

David Jagielski: Corus Entertainment ([TSX:CJR.B](#))

Corus Entertainment Inc. ([TSX:CJR.B](#)) is my top pick for February because the stock has seen a big sell-off after releasing disappointing results in January. While the company may not have had a terribly strong quarter, its fundamentals remain intact and investors shouldn't ignore that. People may panic saying that the yield is 13% and that must be too high, but neglect the simple fact that the yield is that high because the share price has taken such a dive. If the price recovers, the yield will shrink.

Corus has typically seen support at ~\$11 and so I do see a lot of upside for the stock from its current price point. The company still has a lot of potential and it has yet to start to scratch the surface when it comes to online streaming.

Fool contributor David Jagielski has no position in Corus Entertainment Inc.

Jason Phillips: Eldorado Gold Corp ([TSX:ELD](#))([NYSE:EGO](#))

My top pick for the month of February is **Eldorado Gold Corp ([TSX:ELD](#))([NYSE:EGO](#))**. Shares in Eldorado sold off sharply in late October in the wake of disruptions at the company's Turkish gold mine.

However, with gold starting to show signs of a recovery, Eldorado, as one of the world's lowest-cost producers, stands to benefit handsomely. Having posted a loss in three of the past four years, the company is now expected to return to the black in this year, and if gold continues to rise at its current pace, 2018 could prove to be a big year for the company.

Fool contributor Jason Phillips has no position in shares of Eldorado Gold Corp.

Kay Ng: Plaza Retail REIT ([TSX:PLZ.UN](#))

There aren't that many stocks priced at a bargain today. However, **Plaza Retail REIT ([TSX:PLZ.UN](#))** is one of them. The stock has been dragged down with its fellow retail REITs, as people worry about malls doing badly. Interest rate hikes are also a headwind.

However, Plaza Retail is staying strong. Its recent funds from operations payout ratio and committed occupancy were ~76% and ~95%, respectively.

The retail REIT has increased its distribution every year since 2004. It has room to grow its distribution at a rate of ~3% going forward.

At \$4.30 per unit, it trades at a discounted multiple of ~12.3. You get a 6.5% yield to wait for the unit price to revert to the norm, which would mean an upside of +20% from the current levels.

Fool contributor Kay Ng has no position in Plaza Retail.

Matt Smith: Fortuna Silver Mines Inc. ([TSX:FVI](#))([NYSE:FSM](#))

Silver, unlike gold, has failed to perform yet – there is every indication that it will move higher over the course of 2018. Not only will gold drag it higher because of their close relationship but growing industrial demand will act as a powerful tailwind.

One primary silver miner positioned to unlock considerable value for investors is **Fortuna Silver Mines Inc. ([TSX:FVI](#))([NYSE:FSM](#))**. Growing gold and silver production, up 26% and 17% respectively year over year for the first nine-months of 2017, along with all-in sustaining costs dropping an impressive 23% and higher prices will give Fortuna's earnings a healthy boost.

Fortuna also has the fully permitted Lindero gold project in Argentina. Upon commissioning in 2019, that will boost annual production to 190,000 ounces of gold and nine million ounces of silver. This will give the miner's earnings a solid lift, boosting its share price.

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

Karen Thomas: Precision Drilling Corporation ([TSX:PD](#)) ([NYSE:PDS](#))

As oil closes in on \$70 per barrel, energy services company **Precision Drilling Corporation ([TSX:PD](#))([NYSE:PDS](#))** is seeing rising activity levels, soaring revenue, and a recovery in earnings.

And while as of the latest quarter, the company was still reporting net losses, the improvement was significant, to the tune of 44%, with cash flow from operations of \$37 million. The company had more than double the amount of rigs working than it had last year, and pricing remained firm, as the sector continued to ramp up.

The coming quarter will be also strong and I expect the stock to outperform as the sector fundamentals continue to firm up.

Fool contributor Karen Thomas owns shares of Precision Drilling Corporation.

Andrew Walker: Canadian National Railway Company ([TSX:CNR](#)) ([NYSE:CNI](#))

Canadian National Railway Company ([TSX:CNR](#)) ([NYSE:CNI](#)) is literally the backbone of the Canadian and U.S. economies, with rail lines that extend to three coasts.

The company recently reported solid earnings for 2017 and management expects the good times to continue amid a favourable economic outlook.

CN has an impressive track record of dividend growth and just increased the payout by 10% for 2018. The company generates significant free cash flow, so investors should see the trend continue.

If you are looking for a buy-and-hold stock to tuck away in your RRSP, CN deserves to be on your radar.

Fool contributor Andrew Walker has no position in Canadian National Railway Company.

Jacob Donnelly: BlackBerry Ltd. ([TSX:BB](#))([NYSE:BB](#))

BlackBerry Ltd. ([TSX:BB](#))([NYSE:BB](#)) had a great January that should only put it into position to have an even stronger 2018. Software revenue is on the rise and the majority of it is coming from recurring, predictable enterprise sources, so the company can depend on it.

It is deploying its QNX operating system into more automotive companies. Currently, it works with the three largest tier one companies, so I expect this to boost revenue as the year progresses.

Ultimately, the company is up 14% since the month started. Investors are realizing that the hardware days are behind it and BlackBerry needs to be treated like a software company. That's a win for BlackBerry and its investors.

Fool writer Jacob Donnelly has no position in BlackBerry Ltd.

Haris Anwar: Fortis Inc. ([TSX:FTS](#))([NYSE:FTS](#))

My top pick for the month of February is **Fortis Inc. ([TSX:FTS](#))([NYSE:FTS](#))**. Fortis is a popular stock for income investors due to its stable earnings, rock-solid dividend, and growing operations.

St. John's-based Fortis has \$48 billion in assets with a good geographical diversification. The company provides electricity and gas to 3.2 million customers in the U.S., Canada, and Caribbean. The U.S. accounts for more than 60% of its assets, while Canada has more than 25%, and the rest are in the Caribbean.

With a 3.9% dividend yield and about 6% expected growth in its annual dividend payouts through 2022, Fortis stock is offering a good value to conservative investors, especially after a little pullback in 2018

Fool contributor Haris Anwar has no position in shares of Fortis Inc.

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