Top Stocks for May

Description

David Jagielski: Cara Operations Ltd (TSX:CARA)

Cara Operations Ltd (TSX:CARA) is my top choice for May because of the company's recent acquisition of Keg Restaurants Ltd and its endless pursuit of growing and adding quality brands to its vast portfolio. A strong economy makes for more disposable income, which is likely to find its way into restaurants as consumers can afford to dine out more.

Cara's stock trades at a very reasonable 15 times its earnings, and with the stock up only 3% so far this year, there is a lot of upside left for investors that buy today. In just three years, Cara's revenues have grown by 175% and this latest acquisition ensures that is not going to slow down any time soon.

Fool contributor David Jagielski has no position in Cara Operations Ltd

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Ryan Goldsman: Home Capital Group Inc (TSX:HCG)

After a tumultuous year, shares of **Home Capital Group Inc** (TSX:HCG) are set once again to jump higher as the alternative lender takes on a bigger and bigger part of the lending pie. Essentially the new mortgage rules will make alternative lenders much more easy to work with for home buyers who are starting to get "fed up" with the big five banks.

In the hope that the company's share price of $14 and tangible book value of almost $23 per share move closer together, earnings which are expected to be released during the first half of May could be very profitable for long investors!

Fool contributor Ryan Goldsman has no position in shares of Home Capital Group Inc.

Kay Ng: Bank of Nova Scotia (TSX:BNS)(NYSE:BNS)

The big banks have been excellent long-term holdings, generating annualized returns of ~10% with stability and nice dividends when shares were bought at fair valuations.

Right now, **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) is fairly valued. As interest rates rise steadily, Scotiabank will benefit. Analysts estimate the bank will grow its earnings per share by at least 7% per year for the next three to five years. Adding in its safe dividend yield of ~4.2%, investors can expect returns of ~11% per year in that period.

Scotiabank is a great buy-and-hold investment for conservative investors looking for income and decent total returns.

Fool contributor Kay Ng owns shares of Bank of Nova Scotia.

Stephanie Bedard-Chateauneuf: Lassonde Industries Inc. (TSX:LAS.A)

Lassonde Industries Inc. (TSX:LAS.A)**,** a food company specialized in fruit and vegetable juices, is my top stock for May.

Lassonde has a very strong performance record, with a 15-year compound annual growth rate of return of 20%. This is a great stock to own for decades, as it shows a low volatility and is rising consistently. Its P/E of 19.8 is much lower than the industry's P/E of 55.8.

Lassonde released its 2017 fourth-quarter results in March, which were solid and better than expected. Sales totalled $402.6 million, while analysts expected sales of $379.8 million. Adjusted earnings per share were $3.86, beating the forecast of $3.26.

This juice producer is positioning itself in the right way in an industry that relies on innovation in major brands and private labels. Lassonde is recognized for carrying out important acquisitions that create value (Clement Pappas and Apple & Eve) and for realizing synergy gains.

Fool contributor Stephanie Bedard-Chateauneuf has no position in shares of Lassonde Industries Inc.

Ambrose O'Callaghan: Royal Bank of Canada (TSX:RY)(NYSE:RY)

My top stock for May is **Royal Bank of Canada** (TSX:RY)(NYSE:RY). The stock fell below the $100 mark in March but there is reason for optimism ahead of its Q2 results. Excluding the gain from the sale of U.S.-based Moneris net income in Personal and Commercial Banking rose 10% in Q1. Royal Bank was docked with $178 million in Q1 due to the U.S. Tax Cuts and Jobs Act, but the reduced rate will be a boon going forward. The stock also offers a quarterly dividend of $0.94 per share.

Royal Bank and other Canadian financials could receive a boost as NAFTA nears a resolution. The stock is an attractive target after slipping from February to April.

Fool contributor Ambrose O'Callaghan has no position in any stocks mentioned.

Matt Smith: Innergex Renewable Energy Inc. (TSX:INE)

The rising cost of oil and other fossil fuels will be a boon for renewable energy stocks. One that stands out is Canada's own **Innergex Renewable Energy Inc.** (TSX:INE). The secular trend to cleaner renewable sources of energy, which is gaining increasing momentum in a post-Paris Agreement world, will act as a powerful long-term tailwind.

Innergex reported solid results for 2017. Power generated shot up by 25% giving adjusted EBITDA a solid 38% lift, driven by the company adding new facilities in 2016 and 2017. That trend will continue because Innergex is developing a U.S. wind farm and a hydro facility in Iceland, which are expected to commence operations in 2018 and 2020 respectively. It also has three prospective projects under consideration and while investors wait for these to come on line giving earnings another bump, they will be reward by its regular quarterly dividend yielding a tasty 5%.

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

Neha Chamaria: AltaGas Ltd. (TSX: ALA)

After lying low for several months, **AltaGas Ltd.** (TSX: ALA) stock has finally started showing some signs of life in the past one month, gaining roughly 4% during the period. The energy infrastructure company's latest quarterly release should give investors yet another reason to be hopeful.

You see, AltaGas reported strong growth in revenue and net income for its first quarter of 2018. Management also reiterated its growth projections of 15-20% growth in normalized funds from operations once it acquires **WGL Holdings Inc.** mid-this year.

Post the acquisition, AltaGas aims to grow its dividends by 8-10% between 2019 and 2021. That should excite income investors who're already collecting a delectable 8.5% dividend yield from the stock. The best part is, for the potential growth in FFO and dividends backed by a strong set of quarterly numbers, AltaGas stock is still trading cheap enough for you to pay attention now.

Fool contributor Neha Chamaria has no position in this company.

Haris Anwar: TransCanada Corporation (TSX:TRP)(NYSE:TRP)

My top pick for the month of May is **TransCanada Corporation** (TSX:TRP)(NYSE:TRP), which holds diversified energy assets in North America. Last year, TransCanada overcame a major hurdle in the construction of a major pipeline project, Keystone XL. This project is part of the company's $48 billion in medium- to long-term projects. In the short to medium term, TransCanada has about $23 billion worth of projects that it aims to complete by the end of the decade.

After an 11% pullback in its share price this year, I consider this stock very attractive, given that the company has raised its dividend for 18 consecutive years and and plans to continue growing its payout at an annualized rate of 8-10% through 2021. Trading at less than 16 times estimated 2019 earnings per share and with annual dividend yield of 5%, TransCanada's shares offer a good bargain.

Fool contributor Haris Anwar has no position in shares of TransCanada Corporation.

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