



Top Stocks for August – Part 2

Description

You can find part 1 of this month's Top Stocks article [here](#).

David Jagielski: Neptune Technologies & Bioresources Inc

Neptune Technologies & Bioresources Inc ([TSX:NEPT](#))(NASDAQ:NEPT) is my stock pick for August. The company focuses on wellness and produces pills and other edibles, and recently partnered with cannabis giant Canopy Growth Corp ([TSX:WEED](#))(NYSE:CGC), which will unlock a lot of potential for the company.

Investing in Neptune allows investors to piggyback off the success of the marijuana industry without having to buy an expensive pot stock. Neptune has turned a profit in three of the past five quarters and trades at very reasonable multiples. The potential with Canopy Growth could send this stock soaring, especially once edibles are legalized and that segment of the industry starts ramping up.

Fool contributor David Jagielski has no position in Neptune Technologies & Bioresources Inc

Andrew Walker: Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce ([TSX:CM](#)) ([NYSE:CM](#)) continues to trade at a steep discount to larger Canadian peers. The stock arguably carries more risk due to its heavy exposure to the Canadian housing market, but investor fear might be overdone.

CIBC made a US\$5 billion acquisition in the United States last year to help diversify the revenue stream. This should pave the way for additional growth south of border.

The company continues to generate strong results and the dividend should be very safe, even if the Canadian economy hits a rough patch. Investors who buy today can pick up a 4.5% yield.

Fool contributor Andrew Walker has no position in any stock mentioned.

Matt Smith: Bonterra Energy Corp

While crude whipsaws wildly investors shouldn't be deterred from bolstering their exposure to quality energy stocks. One that stands out is **Bonterra Energy Corp.** ([TSX:BNE](#)), which is focused on producing light crude from the Western Canadian Cardium formation.

Bonterra is appealing because 69% of its production is weighted to light oil and natural gas liquids, meaning that it is not significantly impacted by the deep discount applied to Canadian heavy crude or weaker natural gas prices. Because of its low decline rates Bonterra is a low-cost operator with all in costs of \$22 per barrel. That highlights the profitability of its operations when West Texas Intermediate (WTI) is hovering at around US\$70 a barrel.

When low costs and higher oil is coupled with a 4.5% year over year increase in 2018 production, Bonterra's earnings should grow at a decent clip. By buying the driller right now investors can lock in a juicy dividend yield of almost 7%.

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

James Watkins-Strand: Valener Inc

My top stock for August is **Valener Inc.** (TSX:VNR). Valener is the holding company of Gaz Metro, which operates a regulated energy business in Quebec and Vermont.

In the same space, many investors are familiar with large-caps such as **Fortis Inc.** Small-cap Valener has a lower beta than Fortis, implying less volatility, and it is far less debt-laden.

With analysts targeting a 12-month price of over \$22, Valener has potential upside of more than 10%.

Valener trades slightly below book and at a price-to-earnings multiple of roughly 17. The company pays a quarterly distribution of \$0.29, for an annualized yield of just over 5.7%.

Fool contributor James Watkins-Strand has no position in any of the stocks mentioned.

Ambrose O'Callaghan: Toronto-Dominion Bank

My top stock for August is **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). TD Bank stock has rallied since mid-April to near all-time highs but it is still on my radar ahead of the next round of earnings for the big banks. First and second quarter earnings at TD Bank have been positive with U.S. profits

powering its earnings.

Improved margins due to higher interest rates and the continued benefit of U.S. tax reform should make investors happy in the third and fourth quarter. TD Bank stock also offers a quarterly dividend of \$0.67 per share representing a 3.3% dividend yield.

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

Brad Macintosh: Sun Life Financial Inc

New investors looking to build up their portfolio with quality stocks should load up on **Sun Life Financial Inc** ([TSX:SLF](#))([NYSE:SLF](#)) and be confident this investment will produce income and capital growth. Buy in August, in anticipation of a share price run-up that typically happens from September to December.

The stock price is flat year-to-date but continues to creep up. Among the TSX insurance companies, Sun Life's quarterly revenue is north of \$5 billion per quarter, and seems to be a Bay Street favourite. Through the power of compound interest, Sun Life's 3.56% dividend means that you can bank on 20% cash return over 5-years just for owning and re-investing the shares. The next three quarters are expected to deliver higher earnings compared to 2017 numbers, by margins between 3% and 13%. This is one reason why the forward price-to-earnings ratio (fwd P/E) is above 10% below the Sun Life 5-year average.

Fool contributor Brad Macintosh is long Sun Life Financial Inc.

Brian Pacampara: RioCan Real Estate Investment Trust

My top stock for August is retail REIT **RioCan Real Estate Investment Trust** ([TSX:REI.UN](#)).

I know. Any exposure to retail is scary with the **Amazon** online beast lurking everywhere. But here are two reasons why I think RioCan is a solid buy.

First, RioCan has a diverse range of top-dog retailers as its main tenants (including Shoppers Drug Mart, **Loblaws**, and **Wal-Mart**). So it's less susceptible to online disruption. Second, I love the dividend. It is stable, it is well-covered, and it grows steadily. Right now, it even boasts a juicy yield of 5.8%.

The stock has rebounded nicely over the past few months. I expect that momentum to continue in August.

Fool contributor Brian Pacampara does not own shares of any companies mentioned.

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TICKERS GLOBAL

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2. NYSE:TD (The Toronto-Dominion Bank)
3. OTC:NEPT.F (Neptune Wellness Solutions)
4. TSX:BNE (Bonterra Energy Corp)
5. TSX:CM (Canadian Imperial Bank of Commerce)
6. TSX:REI.UN (RioCan Real Estate Investment Trust)
7. TSX:SLF (Sun Life Financial Inc.)
8. TSX:TD (The Toronto-Dominion Bank)

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