



Quarterly Top Picks in Review: Solid Performance

Description

Every month, Fool contributors submit their top picks. As the third quarter comes to a close, how have my picks fared? Let's take a look.

July: Manulife Financial ([TSX:MFC](#))([NYSE:MFC](#))

My top pick for July was Manulife Financial. My investment thesis was centered on rising interest rates and the expectation that the Bank of Canada would raise rates in July. As rates raise, so too should the company's earnings.

The result? The Feds raised rates by 25 percentage points, in line with expectations. On the flip side, Manulife hasn't done much. In July and up until writing, Manulife's return has been flat. Has my investment thesis changed? Not at all.

I still believe Manulife is a great buy at these prices. Of the analysts covering the company, 11 out of 17 rate the company a buy, and not a single one has it rated a sell.

August: goeasy ([TSX:GSY](#))

I have [been touting my August pick](#) goeasy for some time. The company has posted impressive growth rates and was hiding in relative obscurity. My reason for selecting goeasy was based on the expectation that the company would post blowout results and raise guidance.

This was an easy call to make. The company telegraphed expectations with a pre-earnings announcement. In August, the company returned 21%! This is an impressive one-month gain. It has since gained a few more percentage points and is trading up approximately 25% as of writing.

Although the company is not as cheap as it once was, it is still a great investment at current levels. It's P/E-to-growth ratio remains below one. This means its share price has still not caught up to its expected growth rates.

September: Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#))

My favourite companies in the quarter were financials, and CIBC rounded out my quarterly picks. CIBC's stock struggled to start the year, but it turned around in August. I expected it to continue its recent outperformance, as it was one of the cheapest of the Big Five banks.

So far, so good. CIBC has returned 2.4% this month, eclipsing the TSX's negative return. It has also outperformed all of the Big Five banks with the exception of **Bank of Nova Scotia**.

At today's prices, CIBC remains a value pick. The bank is still trading below its historical P/E average. Buying the Big Five below their historical P/E ratios is a [foolproof strategy](#) for outperformance.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:MFC (Manulife Financial Corporation)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:GSY (goeasy Ltd.)
5. TSX:MFC (Manulife Financial Corporation)

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Author

mlitalien

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