



Top Stocks for October – Part 2

Description

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

Ambrose O'Callaghan: Fortis Inc.

My top stock for October is **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)). With trade tensions on the rise and Canada's position in NAFTA in question, investors may want to turn to stable income-yielding equities in the fall. Fortis stock offers a quarterly dividend of \$0.425 per share representing a 4% dividend yield. The company has achieved over 40 consecutive years of dividend growth.

Fortis is set to release its third-quarter results on November 2. The company has forecast that its rate base will grow by 5.4% annually into 2022. Investors are paying a premium for its overall strength, but it should be worth it in a potentially choppy market.

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

Karen Thomas: Peyto Exploration and Development Corp.

This month, my top stock recommendation is one that is not without its risks.

It is in the natural gas space, which has been plagued with oversupply and market access issues, and has been in the dumps for quite a while now.

It is **Peyto** ([TSX:PEY](#)), and this company has many redeeming qualities that have been obscured by the macro environment in which it operates.

It is one of the lowest-cost natural gas producers. It has recently posted its 18th consecutive year of profits, with a 55% increase in EPS and a 12% increase in funds from operations.

It has a dividend yield of 6.73%, and in the first six months of 2018, funds from operations minus capital expenditures and dividends was a positive \$155 million, enabling the company to reduce debt.

This is a chance to snatch up a quality company that is in the throes of a long and hard cyclical low.

Fool contributor Karen Thomas owns Peyto Exploration and Development Corp.

Andrew Walker: Sun Life Financial Inc.

Sun Life Financial ([TSX:SLF](#)) ([NYSE:SLF](#)) had a rough run during the Great Recession, but the company is back on track and investors should see long-term benefits.

The insurance and wealth management firm is attractive to own if you want access to growth in Asia through a Canadian stock. With strong operations in countries that include India, China, the Philippines and Indonesia, Sun Life Financial is positioned to take advantage of growing demand for insurance and investment services as the middle class expands in the region.

At home, Sun Life Financial should benefit from rising interest rates, due to the higher returns it can get on funds it must keep available for claims.

Fool contributor Andrew Walker has no position in Sun Life Financial.

Matt Smith: Lundin Gold Inc.

Miner **Lundin Gold** ([TSX:LUG](#)) recently released some positive news about its Fruta del Norte operation in Ecuador. The project, which is fully financed as well as permitted, is one of the highest-grade underground mines under development globally and appears poised to exceed expectations.

Lundin raised forecast gold production over the life of the mine by almost 2% to 4.6 million ounces. It also reconfirmed the construction schedule and expects first gold during the fourth quarter 2018. Lundin lowered all-in sustaining costs by 4% to US\$583 per gold ounce produced, illustrating the mine's substantial profitability in an environment where gold is trading at over US\$1,200 an ounce.

If the mine commences production on schedule and meets forecast output as well as costs Lundin's market value will soar, especially if gold firms in coming months.

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

CATEGORY

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TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
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2. TSX:FTS (Fortis Inc.)
3. TSX:PEY (Peyto Exploration & Development Corp)
4. TSX:SLF (Sun Life Financial Inc.)

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