



Top Stocks for February

Description

David Jagielski: Canada Goose Holdings Inc

Canada Goose ([TSX:GOOS](#))([NYSE:GOOS](#)) is my stock pick for February. Since December, the stock has been falling in price after concerns that a Chinese boycott of the company would lead to a poor quarter for Canada Goose. However, with Canada Goose having a successful launch of its new Chinese flagship store, it appears as though all is well in the Far East.

Canada Goose is expected to release its quarterly earnings this month and it has a strong track record of beating expectations. A strong showing in Q3 could send the stock soaring, possibly back up to more than \$80 a share. Although the share price may be an expensive buy today, the tremendous growth that Canada Goose has achieved over the years has commanded a significant premium from investors.

Fool contributor David Jagielski has no position in Canada Goose Holdings Inc

Stephanie Bedard-Chateauneuf: Metro Inc.

Metro ([TSX:MRU](#)) is my top stock for February.

Metro is one of Canada's largest grocery and drugstore operators in Quebec and Ontario. It currently operates more than 600 food stores.

The acquisition of the pharmacy operator Jean Coutu in May 2018 is giving a boost to Metro's revenues. The company has plans to offer fresh food at Jean Coutu and could one day sell meal kits at its drugstores.

Metro pays a dividend that has grown by 17% per year on average over the last five years. The return on equity of the grocer is very high at 40%.

The stock is very cheap, with a P/E of 6.7 compared to an industry average of 19.5. The beta is only 0.2, so the stock is much less volatile than the market.

Fool contributor Stephanie Bedard-Chateauneuf has no position in any stocks mentioned at the time of publication.

Matt Smith: Kirkland Lake Gold Ltd.

Growing volatility and global economic uncertainty has pushed gold higher, seeing the yellow metal trade at over US\$12,80 an ounce. There are signs that gold will firm further because of emerging economic and geopolitical fears. This makes intermediate miner **Kirkland Lake Gold** (TSX:KL)(NYSE:KL) an appealing investment. It has demonstrated that it can consistently grow production at a solid clip, announcing record fourth quarter 2018 gold output of 230,993 ounces, which was 39% higher year over year.

Kirkland's flagship Macassa and Fosterville mines have reserves of 2 million and 1.7 million gold ounces respectively, with average grades of 21 and 23 grams of gold per tonne of ore (g/t). Such impressive ore quality means that Kirkland has low all-in sustaining costs of around US\$760 per gold ounce sold, highlighting the profitability of its operations. That coupled with rising production and higher gold will give Kirkland's earnings and ultimately stock a healthy lift over coming months.

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

Mat Litalien: Exchange Income Corp

My top pick for the month of February is **Exchange Income** ([TSX:EIF](#)). This manufacturing, aerospace and aviation company is trading at attractive valuations. It also offers a growing and attractive dividend with a yield above 7%.

Exchange Income is trading at a cheap forward price-to-earnings (PE) ratio of 8.95 and at a P/E to growth (PEG) of 0.90. A PEG under one signifies under-valuation. Analysts expect the company to grow revenue and earnings by double digits over the next couple of years. It is a rare triple-threat, which offers growth, income and value.

Fool contributor Mat Litalien has no position in Exchange Income Corp.

Ambrose O'Callaghan: Park Lawn Corporation

My top stock for February is **Park Lawn Corporation** ([TSX:PLC](#)). Park Lawn is a Toronto-based company involved in the disposition and memorialization of remains in Canada and the United States.

The company is expected to release its fourth-quarter and full-year results for 2018 in the early spring. Park Lawn has demonstrated impressive revenue and earnings growth in recent quarters on the back

of organic growth and strategic acquisitions. In December the company announced a monthly dividend of \$0.038 per share which represents a 1.8% yield as of close on January 14.

Park Lawn is well-positioned to post huge growth going forward due to demographic shifts in North America. The company boasts a strong balance sheet which gives it an edge over its competitors in 2019 and beyond.

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

Brad Macintosh: Suncor Energy Inc.

I'm bullish on the energy sector in Canada for two simple and practical reasons. First, it's an election year. It will be necessary for the feds to show signs of helping to reboot Alberta's economic outlook and that includes the energy sector. Second, as a contrarian move, pick an investment in the energy sector simply because it underperformed in 2018. The law of averages leads me to think things will rebound in 2019.

I've narrowed it down to one stock, Calgary-based oil refining and marketing company **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)). Buying now and holding until election fever hits could be a way to garner a healthy return.

Fool contributor Brad Macintosh has no position in shares of Suncor Energy.

Kay Ng: Brookfield Property Partners LP.

Brookfield Property Partners ([TSX:BPY.UN](#))(NASDAQ:BPY) remains my top pick from January. The stock has quickly bounced about 9%, but it remains a fabulous value pick trading at [a discount of about 40% from book value](#).

As of writing, it offers a yield of nearly 7.2%, which is attractive and sustainable with a recent payout ratio of 84%. Management aims to increase Brookfield Property's cash distribution by 5-8% on average per year.

According to the midpoint of 6.5%, an investment today will reach a yield on cost of more than 10% by year six. So, by that time and beyond, unitholders will generate long-term market-beating returns without lifting a finger!

Brookfield Property is especially suitable for long-term income portfolios, as real estate is inherently a long-term income investment.

Fool contributor Kay Ng owns shares of Brookfield Property.

Andrew Walker: Enbridge Inc.

Enbridge ([TSX:ENB](#)) ([NYSE:ENB](#)) went through a rough spell in the past couple of years, but management has made good progress on an aggressive turnaround plan and investors are starting to come back to the stock.

Enbridge streamlined its operations by buying back four subsidiaries last year. The company also found buyers for nearly \$8 billion of the \$10 billion in non-core assets it identified during the strategic review.

Enbridge continues to generate solid cash flow and raised the dividend by 10% for 2019. The stock is off the lows but investors can still pick up an attractive yield and should see steady dividend increases in the coming years.

Fool contributor Andrew Walker owns shares of Enbridge.

Jason Phillips: Brookfield Renewable Partners LP

Shares in **Brookfield Renewable Partners** ([TSX:BEP.UN](#)) ([NYSE:BEP](#)) have performed relatively well against most major indices as of late, and a lot of that can probably be attributed to the attractiveness of the firm's 6.95% dividend yield.

BEP's portfolio of renewable assets are for the most part backed by long-term contracts, providing the company with a reliable income stream which should help support ongoing dividend increases to shareholders.

It's a rare occurrence that investors get an opportunity to invest in an industry with such bright prospects for growth while at the same time getting the benefit of such a respectable dividend yield, making this a solid pick for both young investors just starting out, as well as older retirees looking to add yield to their retirement accounts.

Fool contributor Jason Phillips has no position in shares of Brookfield Renewable Partners LP.

Amy Legate-Wolfe: Kinaxis Inc.

Last November, **Kinaxis** ([TSX:KXS](#)) put out a less-than-ideal earnings report. The company missed projected earnings of \$51.03 million, instead reporting \$47.81 million during the quarter. The stock plummeted from about \$88 per share, to \$68. Ouch.

But a recent deal between Kinaxis and Ernst & Young LLP is giving investors – and analysts – new hope. The stock finally saw a jump for once after the announcement was made, from \$60 per share to about \$70.

That could be just the beginning. The stock has since been given a fair value estimate around \$80, with analysts projecting the next 12 months nearing those summer highs again of \$100 per share. Now could be the time to buy before the company's earnings report is released at the end of February.

Fool contributor Amy Legate-Wolfe does not own shares of Kinaxis Inc.

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TICKERS GLOBAL

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2. NYSE:ENB (Enbridge Inc.)
3. NYSE:GOOS (Canada Goose)
4. NYSE:SU (Suncor Energy Inc.)
5. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
6. TSX:BPY.UN (Brookfield Property Partners)
7. TSX:EIF (Exchange Income Corporation)
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Date

2025/08/24

Date Created

2019/02/01

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