

3 Top Stocks to Buy in February

Description

The first couple months of the year are often the busiest for Canadian investors, who have both RRSP and TFSA contributions to invest.

Some investors get overwhelmed with all the stocks out there and will put at least a portion of their cash to work in sub-optimal choices. Canada has many great companies, but it's often hard to choose them when presented with many different options. This is not an ideal situation for optimum decision making.

Fortunately, we can help. Here are three terrific long-term Canadian stocks with a little extra short-term potential.

The Stars Group

You've got to be impressed with the overall growth delivered by **The Stars Group Inc.** (TSX:TSGI)(NASDAQ:TSG), which has grown into an online gaming powerhouse.

First the company acquired Full Tilt Poker and Pokerstars, then it successfully expanded into both sports gambling and other casino games. Now it's using that platform to acquire various smaller competitors. The first acquisition down that path saw it spend \$4.7 billion on Sky Gaming, which further solidified its base in the UK and Australia.

The beauty of the online gaming business is that it scales forever. All a company really needs to do to expand is to put a few more servers in a basement somewhere and hire some additional staff. There are all sorts of ways to make new acquisitions all the more efficient, leading to more profits.

The company's next big growth market is likely the United States. It has dipped its toe into the various states that allow online gaming, giving it a nice experience to draw upon when internet gambling becomes legalized nationwide.

Despite overturning a big lawsuit back in November, shares have underperformed of late. The stock is up a mere 4% in the last month, versus more than 8% for the **TSX Composite**. Look for that trend to reverse itself.

Brookfield Property Partners

As far as this analyst is concerned, **Brookfield Property Partners LP** ([TSX:BPY.UN](#))(NASDAQ:BPY) is an [absolute no-brainer stock today](#).

Brookfield owns some of the world's best real estate, with office buildings around the world. It recently acquired a big chunk of top shopping malls in the United States, and it has a distressed value division that regularly gets 12-15% annual returns from assets nobody else wants. Despite having all this going

for it, investors can pick up that portfolio for about 70 cents on the dollar.

One good thing about owning great real estate is you can easily pass on rent increases, leading to ever higher dividends. Brookfield's management anticipates that the company can grow the dividend by 5-8% annually for at least the next five years — not bad for a stock that currently yields around 7%.

Brookfield reports earnings in early February. The company will likely announce another dividend increase then, which could prove to be a nice short-term catalyst.

Suncor Energy

If you're going to buy an energy company, then it makes a lot of sense to buy the best. Oil and gas stocks don't get much better than **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)).

Let's start with the oil sands operations, with which the company has done a nice job. The cost to extract a barrel of bitumen is down significantly versus a few years ago, which means management doesn't sweat periods of lower priced oil. This allows them to make good long-term decisions without worrying about short-term pain.

Next is the real gem of the company, the downstream operations. Suncor can take its own oil, use its refineries to turn it into gasoline and other value-added products, and then sell these products at its own service stations. This is a much more attractive business than extracting a commodity from the ground.

Suncor has also continued to grow its dividend, even during this latest weakness. The current payout is \$1.44 per share, good enough for a 3.2% yield.

Despite crude oil rallying by some 25% over the last month, Suncor shares only up a little more than 10%. Look for Suncor to really start heading higher once the market has more confidence crude can stay above \$55 per barrel.

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2. TSX:BPY.UN (Brookfield Property Partners)
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