Follow the Smart Money: Here Are 3 Brand-New Buys From Bay Street

Description

What's up, Fools? I'm back to highlight three stocks that have been recently rated as "buys" on Bay Street. While we always urge investors to take analyst opinions with a grain of salt, new buy ratings can sometimes be a good source of ideas.

After all, it's the investment thesis and reasoning behind the rating — not the rating itself — that is most important.

Without further ado, let's get to it.

Undervalued assets

Kicking things off is asset manager **Gluskin Sheff + Associates** (TSX:GS), which Desjardins Securities upgraded from "hold" to "buy" on Thursday. Along with the upgrade, Desjardins analyst Gary Ho maintained his price target of $12 per share, representing about 10% worth upside from where the stock sits now.

Ho's upgrade comes after Gluskin posted better-than-expected Q2 results — EPS of $0.24 topped the consensus by $0.01. He believes Mr. Market is underestimating the company's future expense savings as well as its ability to generate performance fees, making the shares "too cheap to ignore."

With Gluskin still off 35% over the past six months — versus a loss of 3% for the S&P/TSX Capped Financial Index — and trading at a forward P/E of nine, it's tough to disagree with that argument.

Quantum leap

Next up, we have miner **First Quantum Minerals** (TSX:FM), which Beacon Securities initiated coverage on with a "buy" rating. Along with the rating, Beacon analyst Jacob Willoughby planted a price target of $21 on the stock, which is about 45% higher from where it sits now.

Willoughby thinks the company is very well managed, citing the fact that it's a top global copper producer with annual output of over 1.25 billion pounds.

Additionally, Willoughby notes that while First Quantum has plenty of debt — around $6.7 billion — it could become debt free in five years if metal prices don't decline.

First Quantum shares are highly volatile. But with the stock already up 31% in 2019 — versus a gain of 6% for the S&P/TSX Capped Materials Index — the momentum might be worth riding.

Tasty opportunity

Rounding out our list is home meals specialist **Goodfood Market** (TSX:FOOD), which Acumen Capital initiated coverage on with a "buy" rating. Along with the rating, analyst Jim Byrne planted a price target of $5 per share on the stock, representing about 45% worth of upside from today's prices.

Byrne is attracted to Goodfood's "explosive" growth rates, noting that its Q1 subscribers and revenue increased a whopping 180% and 163%, respectively, over the year-ago period. Moreover, Byrne sees plenty of opportunity for management to expand margins, including increased market penetration, investments in automation, and new product offerings.

With the company up 18% over the past year — versus a loss of 7% for the S&P/TSX Capped Consumer Discretionary Index — and trading at a reasonable price-to-sales ratio of two, the risk/reward trade-off is certainly intriguing.

The bottom line

There you have it, Fools: three stocks with new buy ratings worth checking out.

As always, don't view them as formal buy recommendations. The long-term track record of Bay Street analysts is mixed, so plenty of your own homework is still necessary.

Fool on.

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1. Editor's Choice

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2. TSX:FOOD (Goodfood Market)

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