Follow the Smart Money: Here Are 3 Fresh “Buys” From Bay Street

Description

Hello, Fools. I’m back to highlight three stocks that have recently received “buy” ratings from Bay Street. While we should always take professional opinions with a hefty dose of skepticism, they can often be a source of solid opportunities.

Remember: it’s the investment thesis and logic behind the rating — not the rating itself — that is important to us investors.

Without further ado, let’s get to it.

Growing like a weed

Leading off our list is marijuana company **HEXO** (TSX:HEXO), which CIBC World Markets initiated with an “outperform” rating on Wednesday. Along with the bullish rating, CIBC analyst John Zamparo planted a price target of $8.50 on the stock, representing about 8% worth of upside from where it sits now.

While the cannabis industry is still in its infancy and fraught with risk, Zamparo believes that Hexo offers investors a “greater element of safety” in the space. He cites HEXO’s deal with Quebec’s wholesale buyer, its partnership with **Molson Coors**, and innovative product design as clear differentiators.

Even with a balance sheet and management team that doesn’t match some other rivals, Zambrano thinks the risk/reward trade-off is attractive.

HEXO shares are already up about 65% so far in 2019.

Taking flight

Next up we have plane and train manufacturer **Bombardier** (TSX:BBD.B), which was upgraded by

UBS to “buy” from “neutral” late last week. Along with the upgrade, UBS analyst Myles Walton raised his price target to $3.80 per share (from $2.90), roughly 40% worth of upside from where it sits now.

Walton’s upgrade was in response to Bombardier’s quarterly results last week when the company posted Q4 adjusted EPS of $0.05 on a revenue decline of 6.7%.

While those aren’t exactly blowout numbers, Walton thinks the stock rallied due to the “absence of a big negative” as opposed to anything particularly positive. Given Bombardier’s current valuation — PEG ratio of 0.3 — Walton believes that theme could continue in 2019.

Even after the recent pop, Bombardier shares are down about 50% from their 52-week highs.

Yellow light special

Rounding out our list is digital media company **Yellow Pages** (TSX:Y), which was upgraded by **National Bank** to “outperform” from “sector perform” last week. Along with the downgrade, National Bank raised its price target on the stock to $8.50 (from $8), representing about 40% worth of upside from where it sits now.

The upgrade comes after Yellow Pages’s improved Q4 results. For the quarter, earnings clocked in at $40 million versus a loss of $584.6 million in the year-ago period. More importantly, adjusted operating margin improved 740 basis points to 33%, while operating cash flow jumped 74%.

“This reflects the continued alignment of our spending to the reality of our revenues and the shedding of unprofitable and non-synergistic business,” said Yellow Pages CEO David Eckert.

The stock remains down 43% over the past six months.

The bottom line

There you have it, Fools: three new Bay Street “buy” stocks worth checking out.

As always, they aren’t formal recommendations. Just think of them as a starting point for more research. The track record of professional analysts is fickle, so plenty of your own homework is required.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:BBD.B (Bombardier)
2. TSX:HEXO (HEXO Corp.)
3. TSX:Y (Yellow Pages Limited)

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