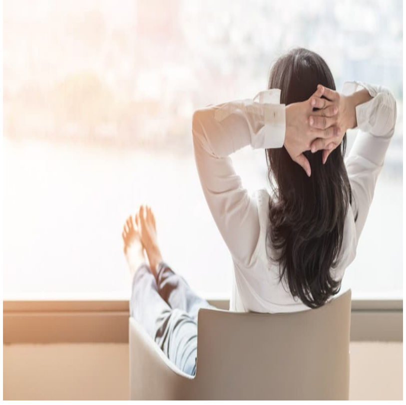

Top Stocks for May 2019

Description

Nelson Smith: Baytex Energy

My top stock for May is **Baytex Energy Corp** (TSX:BTE)(NYSE:BTE), which is one of the cheapest stocks on the TSX Composite Index.

Shares trade at just half of book value and the company easily has the potential to do $0.70 per share in free cash flow in 2019 if the price of crude cooperates. This puts shares at approximately 4x forward free cash flow as of this writing.

If oil zooms up this month, investors could easily see their Baytex shares rocket 25-50% higher. That's how leveraged this stock is to the price of crude.

Fool contributor Nelson Smith has no position in Baytex Energy.

Amy Legate-Wolfe: BlackBerry Limited

BlackBerry (TSX:BB)(NYSE:BB) has begun its comeback. The once great stock has had a huge fall in the last decade, but is coming back in a big way to be a leader in the enterprise software industry.

Currently, the company is focusing on cybersecurity, artificial intelligence, and autonomous vehicles, so gone are the days of BBM. Cybersecurity has become its main target in the next few years, recently acquiring Cylance for $1.4 billion. These recent acquisitions of companies, research into autonomous vehicles and the government's kick-in of $40 million bringing in $200 million in the last quarterly report.

The future looks bright for Blackberry, as the AI and cybersecurity markets heat up for massive growth. When they do, Blackberry should grow right along with them.

Fool contributor Amy Legate-Wolfe has no position in BlackBerry Limited.

Ryan Vanzo: Molson Coors Canada Inc.

Molson Coors (TSX:TPX.B)(NYSE:TAP) is my top pick for May. If your worried about a market correction, this is the stock for you.

In 2016, Molson purchased the U.S. rights to many of its brands from SABMiller for $12 billion. Since then, it's struggled to integrate the massive acquisition. After several years, however, its debt finally seems under control and cost synergies are helping boost profit margins.

During the 2009 financial crisis, Molson shares barely budged. With an improved cost structure and better grip on its core markets, expect the company to repeat this feat during the next downturn.

Fool contributor Ryan Vanzo has no position in Molson Coors Canada Inc.

Spin Master Corp.

My top pick for May is **Spin Master** (TSX:TOY), the lagging toy company that has suffered a tremendous fall from grace over the past year.

The bankruptcy of Toys "R" Us devastated the entire toy industry last year, and with tonnes of lost sales on the minds of most investors, it appears that the damage done to Spin Master shares has been way overblown.

Spin Master is still a high-growth firm that's capable of posting double-digit top- and bottom-line numbers. The company just hit a bump in the road with the massive industry headwinds that'll continue to linger around over the medium-term. With time though, I do believe Spin Master will pick up where it left off before the industry fell into a tailspin.

At the company level, Spin Master is still making all the right moves. The company is in excellent financial health and with applaud-worthy ROE numbers that remain north of 25%, I think investors should give more merit to the exceptional stewards that are running the show.

Fool contributor Joey Frenette owns shares of Spin Master.

Stephanie Bedard-Chateauneuf: Fiera Capital Corp.

Fiera Capital (TSX:FSZ), an independent asset management firm, is my top stock for May.

With assets under management of $145 billion, Fiera is one of Canada's leading investment managers.

Following satisfactory fourth-quarter results, the Montreal-based asset management firm raised its dividend by 5%, bringing its yield to 6.5%. It also announced the acquisition of Integrated Asset Management, a Toronto-based firm specializing in private debt, real estate and infrastructure debt.

Fiera is diversifying its customer base geographically and half of its revenue comes from outside the country.

Earnings are expected to grow by 24% on average annually for the next five years. The stock's PEG is only 0.44, so Fiera is very cheap relative to its high growth prospects.

Fool contributor Stephanie Bedard-Chateauneuf has no position in any stock mentioned.

Andrew Button: Enbridge Inc

Enbridge (TSX:ENB)(NYSE:ENB) has been one of the best-performing TSX energy stocks over the past year. This year, it shows no signs of slowing down, growing by leaps and bounds thanks to its investments in new pipelines and other projects. The company's Line III replacement will be fully operational by the end of 2019, and will bring with it added production capacity.

The company is also investing heavily in utility assets, which offer steady and dependable income. As a result of Enbridge's many self-funded investments, it says it will be able to grow earnings year after year without debt.

Fool contributor Andrew Button does not own shares in any of the stocks mentioned.

Karen Thomas: TC Pipelines LP

With a dividend yield of 6.35%, **TC Pipelines** (TSX:TRP)(NYSE:TRP) is my top pick for May because it is a very rare thing to find such a high quality, consistent and stable company trading at such a high yield.

I mean, the company's history speaks for itself.   For more than 65 years, TC Pipelines has been developing and maintaining energy infrastructure, while handsomely rewarding shareholders.

Since 2000, TC Pipelines stock has provided shareholders with a 229% return, while delivering yearly dividend increases, which has brought the dividend per share from $0.80 to $3.00.

This company provides this, plus above-average, visible growth, and almost $7 billion in funds generated from operations in 2018.

Fool contributor Karen Thomas owns shares of TC Pipelines LP.

James Watkins-Strand: Centamin plc

Regardless of whether you are a gold bug or a gold bear, **Centamin** (TSX:CEE) is an outstanding miner with superb fundamentals.

The company has an exceptional balance sheet with no debt and liquidity amounting to over US$300 million. Centamin trades slightly below book value, to boot.

Results for Q1 2019 were announced on April 24 and the quarterly report indicates that this year may be a good one for the company, as its Sukari mine has already produced above forecast.

Centamin has just gone ex-dividend as of April 22, so the shares are slightly discounted. Further, CEE has a history of stellar shareholder stewardship, consistently returning the lion's share of free cash flow to investors semi-annually.

Fool contributor James Watkins-Strand has no position in Centamin PLC.

Ambrose O'Callaghan: Suncor Energy Inc.

My top stock for May is **Suncor Energy** (TSX:SU)(NYSE:SU).

Canadian energy stocks have had a resurgence in early 2019 on the back of an oil price rally. The oil patch is steadily climbing its way out of a late-2018 crisis. To add to the good news, the energy sector appeared to get the election result it wanted in Alberta.

Suncor should benefit from this improved environment as it kicks off its fiscal 2019 reporting on May 1. Investors who scoop up Suncor in May are getting a Canadian energy sector stalwart that has achieved 16 consecutive years of dividend growth. I like the stock to carry its momentum in the month of May.

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

Kay Ng: Manulife Financial Corporation

The Canadian stock market is trading near its all-time high. That said, here we have **Manulife Financial** (TSX:MFC)(NYSE:MFC), an undervalued stock, which offers a decent dividend yield of about 4% and lots of upside potential. The dividend is secured by a payout ratio of about 35%.

At $24.45 per share as of writing, Manulife trades at a price-to-earnings ratio of about 8.7, while it's estimated to increase earnings per share by about 10% per year over the next three to five years.

The 12-month mean analyst target of $28.50 per share from **Thomson Reuters** indicates there's still more than 16% near-term upside potential for the cheap stock. Over the next three to five years, the stock can trade in the $37-45 per share range based on a multiple of 10 for 51-84% upside.

Fool contributor Kay Ng owns shares of Manulife.

Neha Chamaria: Franco Nevada Corp.

Gold prices are falling, but contrary to what many believe, this is also a great time to buy gold stocks on the cheap. **Franco Nevada Corp.** (TSX:FNV)(NYSE:FNV), my top gold stock pick, has fallen 9% in one month.

Franco-Nevada has a huge competitive edge over gold mining companies because it's a streaming and royalty company, meaning it doesn't operate mines but buys metals from other miners at low cost in exchange for funding them upfront. Because of nil mining costs and risks and low purchase price, Franco-Nevada can generate strong margins even on low gold prices.

Franco-Nevada expects 8% growth at the midpoint in gold equivalent production in 2019 and recently struck a royalty deal with Paramount Gold Nevada. Keep an eye on this gold stock.

Fool contributor Neha Chamaria has no position in this company.

David Jagielski: Canadian Natural Resources

Canadian Natural Resources Ltd (TSX:CNQ)(NYSE:CNQ) is my stock pick for May. As oil prices continue to strengthen and investors start to become a bit more bullish on oil and gas stocks again, Canadian Natural Resources could be one stock that gets a big jump as a result of that.

The oil and gas producer is set to release its earnings in May and it'll likely get a boost in sales as we've seen some good early results from others in the industry thus far on stronger oil prices and higher activity levels. With commodity prices looking a lot better and a Conservative government back in power in Alberta, things are starting to look a lot better for the industry and Canadian Natural Resources.

Fool contributor David Jagielski has no position in Canadian Natural Resources Ltd

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Andrew Walker: Nutrien Ltd.

Nutrien (TSX:NTR) (NYSE:NTR) generated strong results in its first year after being created through the merger of Potash Corp. and Agrium.

The global fertilizer giant reported 2018 earnings of US$2.69 per share and is targeting US$2.80-3.20 for 2019. The board raised the dividend by 7.5% for this year and investors should see steady gains continue.

Crop nutrient prices appear to have bottomed and Nutrien has the potential to be a free cash flow machine if potash, nitrogen, and phosphate markets continue to strengthen.

With farmers gearing up for a new season, it might be a good time for investors to plant some Nutrienin their buy-and-hold portfolios.

Fool contributor Andrew Walker owns shares of Nutrien.

Jason Phillips: Sierra Wireless, Inc.

As we head into May I think it's a good time that Foolish investors started thinking about swapping out their **BlackBerry** stock in favour of the shares of smaller IoT rival, **Sierra Wireless** (TSX:SW)(NASDAQ:SWIR).

Sierra has underperformed BlackBerry stock to date in 2019, yet Sierra's shares closed the month of April on a strong note, including a decisive move above their 50-day moving average.

While I still like BlackBerry's prospects long-term, I think there is merit in a short-term relative value trade here, and playing the current momentum in favour of Sierra, a smaller but still formidable competitor operating within the Internet of Things space.

Fool contributor Jason Phillips owns shares in Sierra Wireless, Inc.

Matt Smith: Valeura Energy Inc.

The improving outlook for energy stocks makes now the time for investors to bolster their exposure to natural gas. A micro-cap driller on the cusp of unlocking one of the largest gas deposits recently identified is **Valeura Energy** (TSX:VLE). It is poised to unlock a hydrocarbon body assessed to hold prospective resources of over 10 trillion cubic feet of gas.

While gas has lost 17% since the start of 2019, there are several favourable characteristics supporting the economic exploitation of this asset. Key is Turkey's push to bolster its ailing economy by expanding the extraction and export of commodities including hydrocarbons. There is also the Western Europe's desire to reduce its dependence on Russian gas imports. Putin has demonstrated a willingness to use the significant dependence of many NATO countries on imported Russian gas as a political weapon. This creates a ready-made market for Valeura and could see higher than spot prices paid for the gas sold.

By successfully tapping a deposit of this size and bringing it to commercial production Valeura's stock could double or more.

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

Demetris Afxentiou: Inter Pipeline

Although **Inter Pipeline** (TSX:IPL) is primarily perceived by many as a pipeline company, in reality the company is a well-diversified energy infrastructure business that is my top pick for the month.

In addition to the toll-road like recurring revenue that Inter Pipeline's extensive 7800 km pipeline network provides, the company also has an extensive network of 23 petroleum and petrochemical storage facilities situated across Europe collectively comprising 37 million barrels of storage, as well as operating one of the largest NGL businesses in Canada.

Also noteworthy is Inter Pipeline's emerging $3.5 billion petrochemical complex under construction. Once completed, the site will provide Inter Pipeline with yet another recurring and revenue stream through converting locally-sourced, low-cost propane into in-demand polypropylene, a plastic used in a variety of manufacturing processes.

Finally, there's what many investors will be most excited about- Inter Pipeline's monthly dividend that currently provides an appetizing 7.73% yield with a surprisingly stable payout ratio.

Fool contributor Demetris Afxentiou has no position in any stocks mentioned.

CATEGORY

1. Investing
2. Top TSX Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:SWIR (Sierra Wireless)
2. NYSE:BB (BlackBerry)
3. NYSE:CNQ (Canadian Natural Resources)
4. NYSE:ENB (Enbridge Inc.)
5. NYSE:FNV (Franco-Nevada)
6. NYSE:MFC (Manulife Financial Corporation)
7. NYSE:NTR (Nutrien)
8. NYSE:SU (Suncor Energy Inc.)
9. NYSE:TAP (Molson Coors Beverage Company)
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11. TSX:BB (BlackBerry)
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1. Editor's Choice

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