Top Stocks for July 2019 (part two)

Description

(Part 2/2 of "Top Stocks for July 2019")

Andrew Button: Fortis Inc

The most recent Canadian GDP report showed growth of just 0.4%, missing even the tepid 0.7% that was expected. Although Canadian export companies can grow while the domestic economy is stalling, a weak economy is still a big issue.

In an environment like this, it pays to buy stocks like **Fortis** (TSX:FTS)(NYSE:FTS). Fortis is a boring old utility company that operates in Canada, the U.S. and the Caribbean. As a regulated utility, it enjoys a de-facto monopoly in many of its service areas, and a wide moat. Like all utility companies, it benefits from the fact that demand for its service remains strong even in poor economic conditions. It also has a 3.5% dividend yield, backed by an uninterrupted 45 year streak of dividend increases.

Fool contributor Andrew Button has no position in any stock mentioned

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Karen Thomas: Inter Pipeline Inc.

My top stock for July is **Inter Pipeline** (TSX:IPL), as this defensive stock is currently providing investors with a very generous dividend yield of 8.5%, which is easily covered by cash flows and is backed by a long history of dividend growth and stability.

Inter Pipeline has been hit in recent times due to its large investment in the $3.5 billion Heartland Petrochemical Complex, which has resulted in a period of elevated capital spending and uncertainty regarding funding, causing the stock to dip. My bet is that in a few years, all of this will be behind the company, which will be benefitting from the extra $450 million to $500 million of annual EBITDA that Heartland will contribute, and the stock will be trading much higher.

Investors will look back at this moment as the moment that they could have gotten Inter Pipeline's premium assets at a real bargain.

Fool contributor Karen Thomas does not own shares of Inter Pipeline Inc.

Andrew Walker: Canadian Natural Resources Ltd.

Canadian Natural Resources (TSX:CNQ)(NYSE:CNQ) might be the most underappreciated stock on the TSX Index right now.

The company arguably owns the best portfolio of energy resources in Canada with assets ranging from natural gas and gas liquids to oil sands and conventional light and heavy oil. Offshore international sites round out the mix.

CNRL has a strong balance sheet and isn't afraid to use it to scoop up attractive assets when they become available.

The business generates adequate free cash flow to cover the capital program and the dividend. In addition, the board is using surplus cash to pay down debt and buyback shares on an equal weighting.

The stock appears oversold and investors can pick up a yield of 4%.

Fool contributor Andrew Walker has no position in any stock mentioned.

Matt Smith: Lundin Gold Inc.

Gold's latest rally, which it is claimed heralds the start of a new bull market, makes it time to acquire development stage gold miner **Lundin Gold** (TSX:LUG).

Lundin is developing the Fruta del Norte gold deposit in Ecuador, which has reserves of 5 million gold ounces with an impressive average grade of 8.74 grams of metal per tonne of ore (g/t). It is estimated that the mine will have average all-in sustaining costs over its 15-year life of US$583 per gold ounce produced. Those are low compared to Lundin's peers, underscoring its profitability with gold trading at over US$1,400 per ounce.

The mine is 65% complete, on budget and schedule with the first gold pour expected during the fourth quarter 2019 and commercial production to be achieved in early 2020. It is likely that Lundin's value will soar, with it potentially doubling, once it reports that Fruta del Norte has successfully commenced commercial production.

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

Kay Ng: Bank of Nova Scotia

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) stock's underperformance in the last year puts it at a discount to historical levels. This makes it a great opportunity to pick up a safe yield of close to 5%.

The international bank's dividend is secured by a payout ratio of about 48% this year. So, there's a big buffer to protect the dividend even when there happens to be temporary spikes in the payout ratio in the future, such as when a financial crisis occurs.

Based on the stock's normal valuation, it can trade at 18% higher from the current $71.50 per share. Additionally, the bank is estimated to increase its earnings per share by 5-6% per year over the next three to five years, which will boost its dividend and fair value estimate over time.

Fool contributor Kay Ng owns shares of Bank of Nova Scotia.

Amy Legate-Wolfe: Aurora Cannabis Inc.

With constant acquisitions diluting shareholder funds, **Aurora Cannabis** (TSX:ACB)(NYSE:ACB) hasn't been the most popular cannabis stock to purchase. But that's why there's an opportunity for investors willing to wait.

Despite being the second-largest cannabis stock by market capitalization, Aurora is incredibly cheap given its future potential. Those acquisitions have been for the greater good of going global.

Aurora is set up to produce 700,000 kilograms of marijuana annually at a rock-bottom price of $1.92 cost from sales per gram and a goal of $1 per gram. It also has a foot in numerous European countries to start pumping out pot the moment legalization hits.

So while quarterly results are important, think long term with this stock. Frankly, I don't see shares going down any further, making now the time to buy.

Fool contributor Amy Legate-Wolfe owns shares of Aurora Cannabis Inc.

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2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:CNQ (Canadian Natural Resources)
4. NYSE:FTS (Fortis Inc.)
5. TSX:ACB (Aurora Cannabis)
6. TSX:BNS (Bank Of Nova Scotia)
7. TSX:CNQ (Canadian Natural Resources Limited)
8. TSX:FTS (Fortis Inc.)
9. TSX:LUG (Lundin Gold Inc.)

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