



Top Stocks for August 2019

Description

Joey Frenette: Alimentation Couche-Tard Inc.

Alimentation Couche-Tard (TSX:ATD.B) stock has finally taken a breather after exhibiting what seemed like an unstoppable amount of momentum in the first half. At the time of writing, Couche Tard shares are down 10% following the release of its most recent Q4/F19 earnings.

While Q4 missed the mark on earnings by the slightest of margins, the company's same-store sales growth (SSSG) numbers and commentary from management were both something to be bullish about.

The convenience store kingpin aims to double its net income in five years, which is realistic in my view given the significant strides that the company has made on the comps front and the fact that debt has fallen by enough to justify further acquisitions in the second half.

Although Couche-Tard has been downgraded to a "hold" by a few analysts over excessive capital appreciation (the stock has been soaring for well over a year), I still think the stock is absurdly undervalued at just under 19 times trailing earnings given the magnitude of growth that's on the horizon.

Fool contributor Joey Frenette owns shares of Alimentation Couche-Tard Inc.

Andrew Walker: Barrick Gold Corp.

Barrick Gold ([TSX:ABX](#)) (NYSE:GOLD) has come a long way in its restructuring efforts.

The company reduced total debt from US\$13 billion at the start of 2015 to net debt below US\$4 billion as of Q1 2019, capping a successful turnaround plan that surprised many long-term followers of the stock.

In addition, the merger with Randgold Resources has created a global gold giant with five of the 10 top

mines on the planet and the new Barrick stands to generate attractive free cash flow as gold extends its recovery.

If you are a gold bull, or simply want to diversify your portfolio, Barrick deserves to be on your radar today.

Fool contributor Andrew Walker owns shares of Barrick Gold.

Jason Phillips: Molson Coors Canada Inc.

Last week **Molson Coors** ([TSX:TPX.B](#))([NYSE:TAP](#)) board of directors announced a 39% increase to the firm's regular quarterly dividend.

It's a move that's frankly been much anticipated and a long time coming, but also one that should go a long way in helping to restore investor confidence in the company and potentially providing the catalyst needed to finally reverse the bearish momentum that's been plaguing this stock going all the way back to 2016.

Prior to last week's announcement shares had been trading at a sub-3% yield however now trade at an expected forward yield in excess of 4% annually.

One would think that more dividend hikes could be on the way in 2020 making this stock a prime candidate for a dividend-growth oriented portfolio.

Fool contributor Jason Phillips owns shares in Molson Coors Canada Inc.

Ryan Vanzo: Lithium Americas Corp

My top stock for August is **Lithium Americas** ([TSX:LAC](#))([NYSE:LAC](#)). You'll need some patience, but this is a wildly asymmetric bet.

As electric vehicles take over the road system, demand for lithium will skyrocket. We'll need to mine significantly more lithium than we do today in order to meet that demand. Lithium Americas will directly benefit.

The net present value of Lithium Americas' two lithium mines is a combined \$1.8 billion. That means there could be 300% or more in upside, you just need to wait a few years for the demand story to take full effect.

Fool contributor Ryan Vanzo has no position in Lithium Americas Corp.

Nelson Smith: Gamehost Inc.

My top stock for August is **Gamehost** ([TSX:GH](#)), an Alberta-based casino operator with properties

located in Calgary, Grande Prairie, and Fort McMurray.

Gamehost shares are currently flirting with a 52-week low because investors assume weak crude oil prices will translate into crummy earnings. But Gamehost has done a nice job cutting costs, and has been comfortably profitable throughout this multi-year energy bear market.

Plus, investors are treated to an attractive 7.3% dividend while waiting for Alberta to recover. When it does, Gamehost shares could rocket up in a big way; the stock peaked at \$17 back in 2014, almost double today's price.

Fool contributor Nelson Smith owns Gamehost Inc. shares.

Andrew Button: Canadian Pacific Railway

My top stock for August is **Canadian Pacific Railway** ([TSX:CP](#))([NYSE:CP](#)). After posting a phenomenal quarterly report that saw diluted EPS increase by 70% year over year, the company's shares shot up 4% in one day. Since then, they've cooled off a bit, but are still up 29% this year.

Last month, some investors worried that a slowing economy could hit railroads hard. However, recent earnings data from CP and several of its closest competitors paints a different picture. Although **CSX Corp** bombed, all other railroads that released earnings recently had much better results, which says good things for the industry overall.

Fool contributor Andrew Button has no position in any of the stocks mentioned.

Stephanie Bedard-Chateauneuf: CAE Inc.

CAE ([TSX:CAE](#))([NYSE:CAE](#)), the world's largest flight instruction company, is my top stock for August.

CAE's stock shows great returns both over the long-term and the short-term. Its 10-year compound annual growth rate of return is almost 20%, which is high. The stock has performed very well recently, having soared over 42% year-to-date.

CAE finished fiscal year 2019 on a strong note. Fourth quarter revenue was \$1 billion while EPS was \$0.48, an increase of 42% and 55%, respectively, as compared to last year. The leader in aviation training had a record \$4 billion annual order intake and \$9.5 billion order backlog.

The company expects to continue exceeding underlying market growth in fiscal year 2020.

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

James Watkins-Strand: Calian Group Ltd.

How do you like the sound of a company with over \$1.35 billion in contracted backlog and options

renewals, and gross margins of around 20% as of March 31?

That same company is guiding for full-year revenues of between \$330 and \$360 million.

And its entire market capitalization is only just over \$250 million.

Calian Group ([TSX:CGY](#)) provides business and technology services, as well as systems engineering, to both government and industry partners.

The company has just under \$30 million in cash and cash equivalents, and completed three significant acquisitions last year; Calian gobbled up Secure Tech, Priority One, and IntraGrain in 2018, and further added SatService in the second quarter of this year.

Hungry for yield? Calian offers quarterly distributions that are good for an annualized yield in excess of 3%.

CGY has earned its spot as my top stock for August.

Fool contributor James Watkins-Strand has no position in Calian Group.

Demetris Afxentiou: Hexo Corp

Identifying long-term investments rife with potential that others cannot fully see yet is one way to become very comfortable in retirement. That view played into my decision of opting for **Hexo** ([TSX:HEXO](#))(NYSE:HEXO) as my pick for this month.

Hexo, and by extension its peers have taken a beating in the past few months, resulting in the stock giving up most of its gains in 2019. If you think that the cannabis market is set for an eventual rebound in the future, the current price is hard to ignore.

The current weakness in the market is brought on by two separate issues that come down to supply shortages and market-wide frustration that the cannabis sector continues to see losses.

For Hexo, that short-term frustration fails to consider how revenues will double or more over the next few quarters as new production facilities finally begin harvesting and the Newstrike acquisition assets come into play.

In short, Hexo's long-term growth prospects are huge, and there's no better time to buy the stock now that its flirting with 52-week lows.

Fool contributor Demetris Afxentiou owns shares of Hexo.

Karen Thomas: Ballard Power Systems Inc.

My top stock pick this month is a name that I have highlighted before. It is also a name that is in the higher risk category of stocks due to the fact that this company is not profitable yet and due to the fact

that this company is involved in an emerging industry, the fuel cell industry.

Ballard Power Systems ([TSX:BLDP](#))(NYSE:BLDP) is a world leader in fuel cell development and commercialization. While Ballard's results have been fraught with financial letdowns, we are seeing increasing evidence that fuel cells are gaining momentum, with key automotive players and governments advancing their involvement in and deployment of fuel cell engines.

Considering the fact that the potential market for Ballard is huge, Ballard trades at acceptable valuation levels (10 times sales and 3.5 times book). Furthermore, the fact that the company has strong cash reserves, with a cash balance of \$165 million as at the end of the first quarter of 2019, is also a positive.

The stock is up 53% year-to-date and 114% in the last five years.

Fool contributor Karen Thomas owns shares of Ballard Power Systems Inc.

Ambrose O'Callaghan: Vermilion Energy Inc.

My top stock pick for the month of August is **Vermilion Energy** ([TSX:VET](#))(NYSE:VET). Shares had plunged to 52-week lows as of late morning trading on July 29. Vermilion and other energy stocks on the TSX were routed late last month. Fortunately, this provides a solid buy-low opportunity.

Shares of Vermilion had an RSI of 16 at the time of this writing (July 29), which puts the stock deep into technically oversold territory. Income investors should also take notice. Vermilion currently offers a monthly dividend of \$0.23 per share which represents a monster 11.3% yield. This is great value for this high-yield energy beast.

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

David Jagielski: Dollarama Inc

Dollarama ([TSX:DOL](#)) is my stock pick for August. Its share price has been rallying this year after a tough 2018. And although growth is still a big question mark going forward, with its recent investment in Dollarcity and a focus on Latin America, the discount retailer is showing investors that there are still many avenues for it to grow outside of its domestic market.

As long as investors are optimistic about the company's future growth, the stock will continue to rise in value. Despite Dollarama trading around its 52-week high, investors should note that the stock is also around where it was at the start of 2018. While it may have recovered from last year's epic decline, there's still a lot of room left for the share price to continue to rise, especially if Dollarama has some strong sales during the summer months.

Fool contributor David Jagielski has no position in Dollarama Inc

Amy Legate-Wolfe: Viemed Healthcare, Inc.

When it comes to under-the-radar stocks, it doesn't get much better than **Viemed Healthcare** ([TSX:VMD](#)). The stock's initial public offering (IPO) came out in 2017 at \$2.50 per share. Since that time, the stock has increased a whopping 300%!

While it can be a red flag to see such high numbers, in Viemed's case analysts believe it's showing more of what's to come. The stock focuses on respiratory care in the home, and is expanding its business as we speak. As the baby boomer population ages, more Canadians will want to maintain quality of life, and that means staying in their own home.

In the next 12 months, analysts expect the stock to rise to \$14 per share, a potential upside of 40% as of writing.

Fool contributor Amy Legate-Wolfe owns shares of Viemed Healthcare, Inc.

Kay Ng: Brookfield Property Partners LP

Brookfield Property Partners ([TSX:BPY.UN](#))(NASDAQ:BPY) is an excellent choice for income investors, as it offers a secure yield of about 6.8%.

The global real estate company has a diversified portfolio of office, retail, multifamily, industrial, hospitality, triple net lease, self-storage, student housing, and manufactured housing assets, which support its growing cash distribution.

The stock also trades at a humongous +30% discount from its book value. BPY stock's attractive valuation, high yield, cash distribution growth, and the company's value investing approach in high-quality assets should lead to incredible long-term income and returns that far exceed the market's for buyers today.

Fool contributor Kay Ng owns shares of Brookfield Property.

Debra Ray: Aurora Cannabis Inc

My top stock for August is **Aurora Cannabis** ([TSX:ACB](#))(NYSE:ACB). As one of the more affordable medical cannabis stocks, Aurora has mostly avoided the speculative day trading volatility on the TSX by strategically issuing more debt than equity shares.

The stock price rests at a price-to-book (P/B) ratio of 1.05, almost 50% of the average industry P/B ratio of 4.07. The medical cannabis corporation has cornered the international market with valuable government contracts with Italy, Germany, Brazil, and Australia.

Aurora is already generating revenue from pharmacy sales in the U.K., Germany, and other major international markets. These pharmaceutical partnerships will give the company an edge against

competitors like **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC).

Fool contributor Debra Ray has no position in Aurora Cannabis.

Matt Smith: Brookfield Renewable Partners

The Fed's dovish approach to interest rates bodes well for clean energy utility **Brookfield Renewable Partners** ([TSX:BEP.UN](#))(NYSE:BEP), which is a leading renewable energy company providing exposure to developed and emerging markets across North and South America, Western Europe and Asia.

The commissioning of new facilities, cost-cutting and acquisitions are all contributing to Brookfield Renewable's ability to grow earnings. It is targeting funds from operations (FFO) growth of 6% to 11% annually, although its first quarter 2019 FFO growth exceeded that target, expanding by an impressive 18% year over year.

This is supporting regular [distribution hikes](#), with Brookfield Renewable having increased payments for the last nine years giving it a juicy yield just shy of 6%. Brookfield also possesses solid defensive characteristics and lower interest rates will reduce interest expenses further, boosting earnings and supporting additional distribution increases.

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

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 2. NASDAQ:BLDP (Ballard Power Systems Inc.)
 3. NASDAQ:HEXO (HEXO Corp.)
 4. NYSE:B (Barrick Mining)
 5. NYSE:CAE (CAE Inc.)
 6. NYSE:CP (Canadian Pacific Railway)
 7. NYSE:LAC (Lithium Americas Corp.)
 8. NYSE:TAP (Molson Coors Beverage Company)
 9. NYSE:VET (Vermilion Energy)
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