Best Stocks for October

Description

Ryan Vanzo: Fairfax Financial Holdings Ltd.

My top stock for October is **Fairfax Financial Holdings Ltd** (TSX:FFH)). If you're worried about a market correction, this stock is for you.

Fairfax Financial owns several insurance businesses that are recession-resistant and provide a steady stream of cash flow. CEO Prem Watsa uses this cash flow to invest in outside businesses, similar to the model Warren Buffett runs at **Berkshire Hathaway**.

During the last bear market, Fairfax Financial stock actually *increased* in value. Trading at historical lows, this is a great pick for nervous investors.

Fool contributor Ryan Vanzo has no position in Fairfax Financial Holdings Ltd.

Amy Legate-Wolfe: Aurora Cannabis Inc.

Investors were quick to scurry away from **Aurora Cannabis Inc.** (TSX:ACB)(NYSE:ACB) after its latest report, and analysts joined them downgrading the cannabis company almost across the board.

As of writing, the share price is below $7, and that makes this stock an absolute steal. If you're looking for a quick buck, this company isn't for you. But if you're a long-term holder Aurora offers you a chance to see enormous gains.

While missing targets, Aurora posted a 629% increase in cannabis sales for the year, with revenue up 349% from the same time last year. It stands to become a huge cannabidiol producer, and the largest cannabis producer in the world. All this makes Aurora an easy buy at these cheap prices.

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

Rahim Bhayani: Manulife Financial Corp

My top stock pick for October is **Manulife Financial** (TSX:MFC)(NYSE:MFC), one of the largest insurance companies and investment managers in North America.

Manulife had a rough ride in August, dipping down from about $24 to $22 per share, but has bounced back beautifully in September, recouping all its August losses.

This is a sign of long-term investors keeping faith in the fundamental Asia-driven growth thesis with short-term investors being shaken out due to fears of persistent lower interest rates.

Despite very strong positive earnings momentum in Asia, Manulife is still trading near to its book value of about $23, which gives smart investors an attractive entry point.

Fool contributor Rahim Bhayani has no position in Manulife Financial.

Cindy Dye: Choice Properties REIT

Choice Properties REIT (TSX:CHP.UN) strengthened its balance sheet at the end of September by selling 30 properties for $426 million. The buyer also reserved the right to purchase two additional properties for $29 million.

Already Canada's largest REIT, this cash infusion gives the company the flexibility to either pay down debt or strategically add to its portfolio.

Due to its focus on supermarket-anchored shopping centres and standalone grocery stores, Choice Properties is fairly insulated from a recession. **Loblaw** is the company's principal tenant. With a respectable dividend of 5.16%, this REIT is my top stock for October.

Fool contributor Cindy Dye has no position in any of the stocks mentioned.

Joey Frenette: Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) stock bounced 10% off its bottom following the release of some better-than-feared third-quarter results, as investors are finally beginning to realize how robust (and undervalued) the bank is after finally breaking its nasty streak of earnings misses.

Could the worst be over with?

Possibly. The U.S. business is starting to do some heavy lifting, and the fact that provisions aren't skyrocketing is encouraging for investors who've been rattled by those infamous book-talking short-sellers.

The Canadian banks aren't out of the woods yet though, as the macro outlook remains bleak. CIBC stock remains cheap and bountiful enough to justify a contrarian position at these levels with its 9.75 trailing P/E and its 5.2% yield.

Fool contributor Joey Frenette owns shares of Canadian Imperial Bank of Commerce.

Karen Thomas: Agnico-Eagle Mines Ltd.

As gold prices soar to new highs and as investors become increasingly risk averse, my top pick is a very timely one.

Agnico-Eagle Mines (TSX:AEM)(NYSE:AEM) is a leading gold producer with assets in politically safe areas such as Canada and Europe. The company has consistently demonstrated operational excellence, and production from the company's two new mines is being ramped up, which should drive production growth of approximately 23% from 2018 to 2020.

Being unhedged, Agnico has full exposure to rising gold prices. This, along with the company's rapidly rising production profile, means that it would be safe to assume that dividend increases are coming for this leading gold stock.

Fool contributor Karen Thomas owns shares of Agnico-Eagle Mines Ltd.

Stephanie Bedard-Chateauneuf: Silvercorp Metals Inc.

Silvercorp Metals (TSX:SVM)(NYSE:SVM), China's largest primary silver producer, is my top stock for October.

The China-focused miner reported a strong first quarter, seeing a healthy boost in zinc, silver, and lead metals sold. The company has a strong balance sheet, with US$121 million in cash and cash equivalents.

Silvercorp has a five-year expected PEG of 0.05, which is very low. This means the stock is very cheap relative to its very strong growth prospects. Earnings are estimated to grow by 340% on average annually over the next five years.

As concerns over a recession are growing, it's time to put your money into defensive stocks like gold and silver stocks, which are viewed as a safe haven. Silvercorp is thus a great defensive stock to hold when market turmoil increases.

Fool contributor Stephanie Bedard-Chateauneuf has no position in Silvercorp Metals Inc.

James Watkins-Strand: Aecon Group Inc.

As the saying goes: Canada only has two seasons – winter and construction.

While this summer's roadwork has been infuriating for motorists from sea to sea, we have all likely sat in traffic staring at the branding for **Aecon Group** (TSX: ARE).

Between its industrial and infrastructure segments, the company has been earning truckloads of cash building and maintaining everything from transportation to utility projects.

And what has Aecon been doing with that cash, you might ask? The company gave shareholders a 16% raise in December – the stock now yields a bit better than 3%.

Further, Aecon offers tremendous value, trading at about 13 times earnings.

To death and taxes, let's add the certainty of one more thing – construction.

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

Kay Ng: Fairfax Financial Holdings Ltd.

The stock market is near its all-time high, while **Fairfax Financial Holdings** (TSX:FFH) has underperformed in the short term. The stock is once again set up for incredible performance.

Right now, the stock trades at less than book value. This is a rare find in a generally pricey market. The stock's undervaluation could drive amazing upside, possibly within the next 12-24 months. In the meantime, Fairfax offers a decent yield of 2.1%, an annual dividend of US$10 per share paid in January.

The company is a defensive name with an insurance operations engine and a diversified investment portfolio comprised of fixed-income and equity investments, including the emerging markets of India and Africa.

Fool contributor Kay Ng owns shares of Fairfax.

Brian Paradza: NorthWest Healthcare Properties REIT

NorthWest Healthcare Properties REIT (TSX:NWH.UN) is an internationally diversified health care properties focused real estate investment trust that should be an income investor's favourite.

The trust pays a juicy and well covered 6.7% yield with a most recent quarterly AFFO pay-out rate of 89%, an increasing portfolio occupancy rate of over 97% and very long property lease terms that average 14 years to provide unrivalled long-term cash flow visibility.

NorthWest's recently upsized Australian joint venture could provide significant economies of scale and management is currently lowering the REIT's cost of capital significantly by replacing old expensive debt with cheaper financing to avail more free funds to cover monthly distributions so investors can sleep well at night.

Fool contributor Brian Paradza has no position in any stocks mentioned.

David Jagielski: BlackBerry Ltd

BlackBerry (TSX:BB)(NYSE:BB) is my stock pick for October. The company is coming off a disappointing quarter that's led to an even more excessive sell-off than what happened back in Q1. BlackBerry has fallen to lows not seen in years and it looks like a solid bet to recover.

The company is in much better shape than it was even a few years ago as it's been building up a strong brand in cyber security and so it's hard to not see this recent decline as a big market overreaction. It's been a long road for BlackBerry to get to where it is today and the business is by no means broken, especially with cybersecurity and data protection more important than ever. The lower the stock goes, the more of a bargain it'll likely be over the long term.

Fool contributor David Jagielski owns shares of BlackBerry.

Andrew Walker: Fortis Inc.

Fortis (TSX:FTS) (NYSE:FTS) just raised its dividend by 6% and plans to hike the payout by roughly the same amount each year through 2024.

That's good medium-term guidance for income investors who are searching for reliable dividend stocks that consistently increase their distributions.

The optimism comes as Fortis recently added $1 billion to its capital program, which now stands at $18.3 billion. This is expected to drive the rate base consistently higher over the next five years.

In addition, the trend toward lower interest rates should continue to be positive for the stock.

If you are searching for a dividend star to add to your portfolio, Fortis deserves to be on your radar.

Fool contributor Andrew Walker has no position in Fortis.

Demetris Afxentiou: TransAlta Renewables

At the recent U.N. General Assembly, the need for governments and businesses to reduce emissions and our reliance on fossil fuels was made abundantly clear. One way for investors to follow suit and help the environment is to consider buying into a renewable energy stock such as my top pick for this month, **TransAlta Renewables** (TSX:RNW).

TransAlta is often mentioned as a solid investment option. From the impressive monthly dividend that provides an ample 7.07% yield to the company's growing portfolio of facilities, TransAlta offers something for nearly every type of investor. TransAlta's current mix of over 40 facilities also provides a level of diversification, with the company boasting wind, solar, hydro and gas elements on two continents. That footprint alone places TransAlta ahead of its peers, while also providing 2,400 MW of generating capacity.

TransAlta's recent second quarter results showcased an impressive 13% bump in EBITDA over the same quarter last year to $111 million, while adjusted FFO saw an equally impressive 10% uptick to $7 million.

In short, this is *the* long-term renewable energy investment your portfolio needs. If you want to get rich from your investment, you might as well help save the planet too.

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

Ambrose O'Callaghan: Canadian Imperial Bank of Commerce

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is my top stock for October. Canada's top banks just passed through earnings season for the third quarter, and CIBC put together a solid showing. CIBC posted a third quarter profit of $1.4 billion and bumped up its quarterly dividend to $1.44 per share. This now represents an attractive 5.3% yield.

The bank has faced headwinds due to the turbulent housing market in Canada, but this sector has experienced an encouraging recovery in 2019. CIBC has drawn growth from its U.S. unit, but this bounce back from housing should give a boost to its domestic division. I like CIBC's value and chunky dividend in the fall.

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

Matt Smith: Parex Resources Inc.

Recent attacks on Saudi Arabia's oil infrastructure have brought the spotlight back on crude. While many Canadian energy stocks have failed to perform, one that is delivering value is **Parex Resources** (TSX:PXT).

Parex, which owns 2.3 million acres of mineral concessions in Colombia, is trading at a deep-discount of 34% to its after-tax net-asset-value of $32.10 per share, highlighting there is considerable upside available. It has a history of solid exploration success and growing oil reserves as well as production at a steady clip. This positions Parex to take full advantage of higher oil.

Parex's attractiveness is enhanced by its debt-free balance sheet and cash on hand of US$318 million at the end of the second quarter 2019. Its access to premium international Brent pricing gives Parex a handy financial advantage over those drillers operating solely in Canada.

For these reasons Parex’s stock will soar, once oil recovers, making it the ideal play on higher energy prices.

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

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Date
2025/08/12
Date Created
2019/10/01
Author
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