Top Canadian Stocks for February 2020

Description

Adam Othman: Metro

Metro (TSX:MRU) is a low-beta stock to consider buying if you are worried about a market crash in 2020. Currently, the grocery retailer owns and operates more than 600 food stores and 650 pharmacies across the country.

Consumer staples are usually a good pick during a market downturn. The company's core products are necessities: food and medicine. The business model and the products themselves make up a recession-resistant and evergreen business.

The steady market demand is reflected in Metro's near-zero beta of 0.15. Usually, low volatility means lower growth – which isn't the case for Metro.

Currently, the company is trading at $54.42 per share. Metro stock has grown by 89.58% in the past five years. Metro is also a Dividend Aristocrat with a history of increasing payouts for six consecutive years, with a current yield of 1.47%.

Fool contributor Adam Othman has no position in Metro.

Christopher Liew: InterRent

The primary acquisition targets of **InterRent** (TSX:IIP.UN) are multi-family residential properties in high-growth, urban markets across Canada. InterRent purchases older and mismanaged units at bargain prices in Montreal, Ottawa and Toronto.

During the past decade, InterRent was able to more than double the number of units it owns and operates. Today, InterRent owns 80 properties with over 9,300 suites available for rent.

Combined with the strong performance in housing markets, it's no surprise that the stock has performed well. Three years ago, the stock was trading at only $6.75 per share. As of this writing, the price is $16.50, which represents 144.74% growth in during this short time period.

Fool contributor Christopher Liew has no position in InterRent.

Ryan Vanzo: HEXO Corp

My top stock for February is **HEXO** (TSX:HEXO)(NYSE:HEXO). This pot stock was crushed during the marijuana bear market of 2019, leaving it with a valuation of just $480 million. This should be a fantastic opportunity for long-term investors.

As the cannabis market gets commoditized, differentiating products will become increasingly important. To achieve this, companies will need to brand their products in a way that creates intense loyalty and trust. HEXO's model is built *specifically* for this.

For example, it's partnered with **Molson Coors** to co-create cannabis beverages. Their first products will hit shelves this month. As sales gain traction, expect the market to place a premium on HEXO's brand-first strategy.

Fool contributor Ryan Vanzo has no position in HEXO Corp.

Karen Thomas: Enbridge Inc.

Enbridge (TSX:ENB)(NYSE:ENB) stock is my top stock pick this month for two main reasons. The first reason is Enbridge's 6% dividend yield, which provides shareholders with secure and growing dividend income. The second is the improving regulatory environment in the pipeline industry and renewed hope for Enbridge's $9 billion Line 3 replacement project.

Enbridge stock has been under pressure by the difficult regulatory environment in Canada, but today, all signs point to these difficulties coming to an end. With the world's longest crude oil and liquids transportation system, delivering approximately 25% of North America's crude oil and approximately 20% of North America's natural gas, Enbridge remains a leading energy infrastructure giant that has provided shareholders with 22 years of dividend increases.

Fool contributor Karen Thomas does not own Enbridge Inc.

Cindy Dye: CAE Inc.

CAE (TSX: CAE)(NYSE:CAE) is benefitting from the problems surrounding the **Boeing** 737 Max jets. The planes were grounded last year after the anti-stall system was blamed for two deadly crashes.

In November, CAE – which provides flight simulation training devices – accurately predicted a surge in demand for the simulators. These machines can cost up to $20 million each. Typically, CAE only builds simulators after orders are placed.

The risk the company took to prebuild the devices paid off this month, when Boeing announced that all 737 Max pilots must undergo training in a 737 Max simulator before flying the aircraft in commercial service. As airlines scramble to find 737 Max simulators, CAE sales should continue to rise.

Fool contributor Cindy Dye owns shares of CAE Inc.

Kay Ng: Birchcliff Energy

Birchcliff Energy (TSX:BIR) could be a fabulous buy for total returns, and in particular, price appreciation. However, investors need to have an above-average appetite for risk and have an investment horizon of at least two years.

The low-cost natural gas weighted producer plans to get even more efficient through 2024, which would drive substantial free cash flow generation.

The caveat? This year's free cash flow is minuscule and does not cover its entire dividend.

Therefore, Birchcliff stock currently trades at less than 1.5 times earnings and could be a five-bagger from a cycle trough to a cycle peak, while it offers a 6% yield at writing.

Fool contributor Kay Ng owns shares of Birchcliff Energy.

Nelson Smith: Plaza Retail REIT

My top stock for February is **Plaza Retail REIT** (TSX:PLZ.UN), which just happens to be the latest edition to my own portfolio.

Plaza boasts excellent long-term growth, a trend that should stay as it continues to make its way through its development backlog. It has one of Canada's top real estate gurus as a major shareholder. And it boasts a 5.9% dividend yield, an excellent payout.

Despite these good qualities, Plaza shares trade at a discount to many of the company's peers. This discrepancy shouldn't last forever. Additionally, investors should be able to expect a dividend raise in 2020.

Fool contributor Nelson Smith owns Plaza Retail REIT shares.

Stephanie Bedard-Chateauneuf: Element Fleet Management

Element Fleet Management (TSX:EFN), a global leader in the fleet management industry, is my top stock for February.

Element Fleet offers cars and light duty vehicles, material handling equipment, and medium and heavy-duty trucks.

The fleet management company plans to achieve annual revenue growth of 4 to 6% beginning in 2020 by solidifying its operating platform and further strengthening its balance sheet. Holding market share through increased customer loyalty, optimizing its sales processes, better manage customer profitability, and leveraging its leadership position in the fast-growing Mexican market will help Element Fleet achieve its goal.

EPS are expected to grow at an average annual rate of 24% for the next five years. With a PEG of only 0.6, Element Fleet is very cheap, so it's time to buy some shares.

Fool contributor Stephanie Bedard-Chateauneuf owns shares of Element Fleet Management Corp.

David Jagielski: Restaurant Brands

Restaurant Brands International Inc (TSX:QSR)(NYSE:QSR) is my stock pick for February. The stock is currently trading near its 52-week low and although investors are worried about Tim Hortons and its lack of growth, I'm confident the company can find a way to get the restaurant chain to generate some stronger numbers. With many new products and the expansion into new markets, over the long term Tim Hortons should have no trouble generating growth.

And with Burger King and Popeyes still performing well, Restaurant Brands could prove to be a great long-term investment. The company has some very strong brands in its portfolio and while there may be a temptation to wait for the stock to dip a bit further down, it may only be a matter of time before the stock bounces back as investors take advantage of this opportunity.

Fool contributor David Jagielski *has no position in any of the stocks mentioned.*

Andrew Walker: Nutrien

Nutrien (TSX:NTR) (NYSE:NTR) is trading at its lowest level in more than a year.

The company was hit by bad weather in key markets in 2019 and the suspension of potash imports by China in September didn't help.

Now the coronavirus scare is pushing the stock even lower, but the sell-off appears overdone.

Nutrien is the world's largest wholesale supplier of potash and is a leading provider of other crop nutrients, as well as being a major retailer of seed and crop protection products.

Near-term challenges might continue, but the long-run outlook for the stock should be attractive.

Population growth combined with disappearing farmland should support strong fertilizer demand in the coming decades.

Fool contributor Andrew Walker owns shares of Nutrien.

Andrew Button: Alimentation Couche-Tard

Alimentation Couche-Tard Inc (TSX:ATD.B) has long been one of Canada's top-performing retail stocks, rising 1236% in the span of 10 years. Incredibly, its bull run may continue into the next decade. The stock trades at just 0.88 times sales despite revenue growth consistently above 20%.

Further, the company is working on expanding aggressively into the U.S. and Europe. The company already has a 6.7% market share in convenience store fuel sales in the States, making it the market leader in that business niche.

With plenty of room to grow and a reasonable valuation, this stock has a bright future.

Fool contributor Andrew Button has no position in Alimentation Couche-Tard.

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2. NYSE:ENB (Enbridge Inc.)
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5. TSX:BIR (Birchcliff Energy Ltd.)
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8. TSX:ENB (Enbridge Inc.)
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