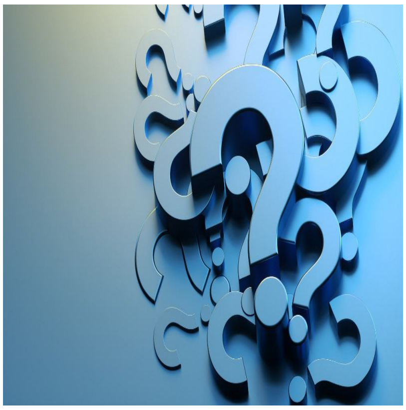

Top TSX Stocks for April 2020

Description

We asked our freelance writers to share their top TSX stock picks for April. Here's what they chose:

Joey Frenette: Restaurant Brands International Inc.

Restaurant Brands International (TSX:QSR)(NYSE:QSR) has taken on far too much damage amid the coronavirus crisis. The stock is down a staggering 50% year-to-date and is now off over 60% from its August 2019 all-time highs. The stock sports a 6.6% dividend yield and is currently sitting at a six-year low.

Sure, restaurants have been directly in the crosshairs of the latest downturn, but when the tides finally turn, a well-capitalized fast-food kingpin like Restaurant Brands is in a spot to come roaring back when it comes time to rebound. In the meantime, the stock is priced with more than just a recession in mind, leading me to believe that the stock has a wide margin of safety at $43 and change.

The dividend looks safe, and the stock will give you access to three of the hottest fast-food brands on the planet in Burger King, Tim Horton's, and Popeye's Chicken. If you're a long-term investor who can take on short-term pain, now is the time to buy while shares are unfathomably cheap.

Fool contributor Joey Frenette owns shares of Restaurant Brands International.

Amy Legate-Wolfe: TC Energy Corp.

Investors should seriously consider **TC Energy** (TSX:TRP)(NYSE:TRP) this month. Sure, it's been falling with the rest of the industry, but this stock has a solid future ahead that makes today's share price a steal.

TC Energy trades at writing at 23% below fair value, and analysts are excited about its expansion into Mexico and Columbia. While other companies continue depending on Western Canada, TC Energy is exposed to new areas of production.

TC Energy offers a 4.63% dividend yield as of writing, or $3.24 per share per year. That's equal to many of its high-end peers, and more room to grow. The company believe it can continue continuing its dividend by 8% to 10% annually through 2021, meaning you'll get some great cash while waiting for this downturn to be over.

Fool contributor Amy Legate-Wolfe does not have any positions in the stocks mentioned.

Ryan Vanzo: Canada Goose Holdings Inc

My top stock for April is **Canada Goose Holdings** (TSX:GOOS)(NYSE:GOOS). This retail stock has been crushed during the coronavirus bear market, leaving it with a valuation of 16 times earnings. In 2018, the stock traded as high as 150 times earnings.

When Canada Goose stock was trading at $90, investors were factoring in long-term international growth. Sales in places like China, South Korea, and Japan were growing by more than 50% per year. The coronavirus has halted international growth, sending shares down to $23.

These are scary times, but bold investors with long-term time horizons can capitalize. China is already stabilizing from the fallout. Eventually, the lucrative international growth opportunity will return. Those willing to remain patient can lock in a bargain valuation.

Fool contributor Ryan Vanzo has no position in Canada Goose Holdings Inc.

Mat Litalien: Canadian Natural Resources

Amidst current headwinds, the price of oil has more than halved in 2020. Now trading below US$30 per barrel, very few oil stocks can remain profitable. **Canadian Natural Resources** (TSX:CNQ)(NYSE:CNQ) is one of the lone companies that is still cash flow positive.

Recently, the company slashed capital expenditures, cut salaries and suspended share buybacks. It managed all this without impacting 2020 production outlook. This flexibility will allow it to maintain the dividend and has it better positioned than most. Now trading at bargain prices, CNQ's stock can skyrocket once the price of oil rebounds. For this reason, it is my top pick for April.

Fool contributor Mat Litalien has no position in Canadian Natural Resources.

Christopher Liew: Royal Bank of Canada

With the market crash of 2020 upon us, it's important to choose a company that has weathered past recessions. **Royal Bank of Canada** (TSX:RY)(NYSE:RY) is one of these companies.

RBC has been paying dividends since 1870. The dividend payouts were inclusive of the periods during

World War I and World War II. The banks also survived the global recessions of 1975, 1987, 1991, and 2008.

It seems inevitable now that the housing market will suffer and there will be more bad debts on RBC's mortgage books.

However, RBC's domestic mortgage portfolio accelerated for four consecutive quarters. In the most recent quarter, the 8.6% increase in mortgage volume was the biggest in at least five years.

But now that RBC is pulling away from rivals in the mortgage department, it should benefit from the revival of the housing market after the recession phase is over.

Fool contributor Christopher Liew has no position in any stock mentioned.

Karen Thomas: Loblaw Companies Limited

As Canada's largest food retailer and leading pharmacy outlet, **Loblaw Companies** (TSX:L) is in the sweet spot today. Because a defensive business that is resilient and insensitive to economic troubles is just what is needed in this harsh economic reality we find ourselves in.

Loblaw stock is my top pick for April for a number of reasons. From the company's exposure to the consumer staples sector (food and essentials) to its exposure to healthcare spending, Loblaw is set up nicely to ride the storms of uncertainty and economic hardship. Loblaw stock is therefore a leading defensive stock to own in Canada.

Operationally, Loblaw has become a cash machine of sorts, with almost $3 billion in free cash flow generated in 2019. This, coupled with the company's solid balance sheet and resilient business, means that Loblaw is a top TSX stock pick for April.

Fool contributor Karen Thomas does not own shares of Loblaw Companies Limited.

Vineet Kulkarni: Saputo Inc.

My top stock pick for April is **Saputo** (TSX:SAP). A $16 billion Saputo is one of the largest dairy processors and cheese manufacturers globally.

The company has plants in 67 countries and sells products in over 50 countries. Saputo's large-scale operations and leadership position in the dairy industry add up to an attractive investment thesis.

Even if the virus outbreak weighs on Saputo's earnings in the next couple of quarters, its market share and cost advantageous position will likely obtain substantial gains for the company and its investors in the long term.

The recent correction has pushed the stock to five-year lows, making it attractive from the valuation standpoint as well.

Fool contributor Vineet Kulkarni does not have any positions in the stocks mentioned.

Cindy Dye: Air Canada

Travel and tourism stocks have been hard hit in this market meltdown. While some of the weaker players may not recover, I believe **Air Canada** (TSX:AC) will not only survive, but will thrive once again.

Air Canada ended its fourth quarter with $6 billion in cash, in addition to unused credit lines of $7.4 billion. This liquidity should provide the company some cushion to weather the next several months, especially if the rumored monetary aid from the Canadian government comes to fruition.

We can expect air travel to rebound quickly once this crisis has passed. Within two years after the 9/11 terrorist attack, air travel had returned completely to previous levels.

With the stock trading down approximately 75% from its 52-week high, Air Canada seems like a bargain for patient, long-term investors.

Fool contributor Cindy Dye does not own shares of Air Canada.

Stephanie Bedard-Chateauneuf: Metro, Inc

Metro (TSX:MRU), the third largest Canadian grocer, is my top stock for April.

Metro operates a network of about 950 food stores and some 650 drug stores.

It’s always a good idea to own a grocery stock like Metro in your investment portfolio, as it is less volatile than cyclical stocks like airlines and oil stocks. It’s even better to own Metro during a recession, like the one we are plunging in.

While restaurants and retailers are shut down because of the coronavirus, grocers still operate as people always need food. Plus, Metro owns Jean Coutu and other popular pharmacies. A lot of people are rushing to pharmacies to buy toilet paper and hand sanitizer.

Metro recently hiked its quarterly dividend by 12.5% to $0.225 per share.

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

David Jagielski: Riocan Real Estate Investment Trust

Riocan Real Estate Investment Trust (TSX:REI.UN) is my stock pick for April. Like other TSX stocks, Riocan tumbled in March to a new 52-week low. However, the company is still an excellent, blue-chip stock that investors can hang onto for years as it's a safe bet to post a profit and continue paying dividends.

The company finished 2019 with impressive occupancy rates north of 97%. And although the coronavirus poses a risk to many businesses, it's far too early to tell how long it will last and what impact it may have on Riocan's existing leases. With Riocan trading the lowest it's been since the financial crisis, investors may be able to score a steal of a deal by buying shares of the stock today.

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

Kay Ng: Brookfield Property Partners

The 2020 market crash is your chance to make millions because valuations are so cheap on many quality stocks.

One very cheap cash cow is **Brookfield Property Partners L.P.** (TSX:BPY.UN)(NASDAQ:BPY). The stock has been severely punished because of its large exposure to retail and office real estate. Malls are closed and people are working from home whenever possible.

We're not out of the woods yet with the coronavirus pandemic. That's why BPY stock now offers a yield of about 15%. At $12.56 per unit, it trades at less than 30% book value.

BPY is well-capitalized. However, if it cuts its cash distribution in these harsh economic times, shareholders can expect the cash distribution to be restored in the future when the economy returns to normal.

Moreover, when the market normalizes, the stock can at least double from current levels!

Fool contributor Kay Ng owns shares of Brookfield Property Partners.

Andrew Walker: Royal Bank of Canada

Royal Bank (TSX:RY) (NYSE:RY) is a very profitable bank.

The company reported net income of $3.5 billion in fiscal Q1 2020, representing an 11% gain over the same period last year.

The board raised the quarterly dividend to $1.08 per share when the results came out in February. The Q1 payout ratio was 44%, so the distribution should be very safe, even through the emerging economic downturn.

Royal Bank has a CET1 ratio of 12%. This means the capital position should be adequate to ride out some rough times.

The coming months might be volatile, but buy-and-hold investors tend to do well when they add Royal Bank to their portfolios during major corrections.

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

Ambrose O'Callaghan: National Bank

My top stock pick for April is **National Bank** (TSX:NA). Canada's top bank stocks were battered in late February and March, but these profit machines are still worth trusting for the long haul. National Bank achieved net income growth in each segment in its Q1 2020 results, but like its peers it will face challenges in the near term due to the broad shutdown.

At the time of this writing National Bank had a very favourable P/E ratio of 8.2. The bank last hiked its quarterly dividend to $0.71 per share. This represents a strong 5.5% yield right now.

Fool contributor Ambrose O'Callaghan has no position in National Bank.

Matt Smith: Parex Resources

Energy stocks have taken a bath because of the latest oil price collapse. While many oil stocks appear unattractive one which stands out for the right reasons is **Parex** (TSX:PXT). The driller, which is focused on Colombia, is very attractively valued and possesses solid fundamentals. Parex is trading at a deep 227% discount to the after-tax net asset value of its oil reserves. This highlights that there are considerable long-term capital gains ahead if you invest today.

Parex possesses solid fundamentals. It has a debt free balance sheet, growing oil production as well as reserves and low operating costs. Parex, unlike its North American competitors. can access international Brent oil pricing. That gives it a handy financial advantage over its peers.

Parex can weather the current crisis in good shape and will rebounds solidly once oil prices recover.

Fool contributor Matt Smith has no position in Parex.

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2. NYSE:GOOS (Canada Goose)
3. NYSE:QSR (Restaurant Brands International Inc.)
4. NYSE:RY (Royal Bank of Canada)
5. NYSE:TRP (Tc Energy)
6. TSX:AC (Air Canada)
7. TSX:BPY.UN (Brookfield Property Partners)
8. TSX:CNQ (Canadian Natural Resources Limited)
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12. TSX:NA (National Bank of Canada)
13. TSX:PXT (PAREX RESOURCES INC)
14. TSX:QSR (Restaurant Brands International Inc.)
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Date
2025/07/19
Date Created
2020/04/01
Author
motley-fool-staff