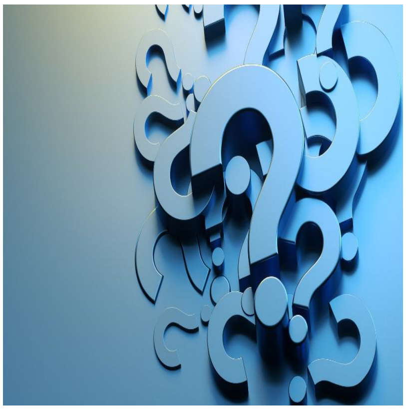

Top TSX Stocks for May 2020

Description

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

Ryan Vanzo: Constellation Software Inc.

My top stock for May is **Constellation Software Inc.** (TSX:CSU). This stock is a proven winner. Since 2006, shares have risen by more than 6,400%. The recent market crash provides a rare buying opportunity.

Constellation has grown rapidly over the years using the same strategy: acquiring undersized competitors. Through hundreds of acquisitions, the company has amassed a powerful software portfolio that focuses on automating mission-critical processes.

Market volatility could ultimately benefit this stock. First, it should lower the purchase price of any upcoming acquisitions. Second, Constellation's customers will focus even more intently on buying its automation software in order to lower costs. Finally, the market dip has created the most attractive entry point for Constellation stock in years.

Fool contributor Ryan Vanzo has no position in Constellation Software Inc.

Ambrose O'Callaghan: Savaria Corporation

My top stock pick for the month of May is **Savaria Corporation** (TSX:SIS). The company designs, engineers, and manufactures products for personal mobility in Canada and around the world. In 2019, Savaria saw revenue rise 30.9% to $374 million and adjusted EBITDA increased 37.9% to $55.6 million. The global personal mobility devices market is well-positioned for good growth this decade.

Savaria is projecting adjusted EBITDA growth of 15% for its Q1 2020 results. The company boasts an immaculate balance sheet and the stock is in favourable value territory relative to its industry peers. Moreover, Savaria last declared a monthly dividend of $0.0383 per share. This represents a solid 4%

yield.

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

Karen Thomas: Northwest Healthcare Properties REIT

The two things that investors are looking for now more than ever are income and safety. **Northwest Healthcare Properties REIT** (TSX:NWH.UN) provides us with both, and that is why it is my top pick this month.

As an owner/operator of a diversified portfolio of healthcare assets in Canada as well as globally, Northwest has exposure to a defensive stream of revenue. Northwest currently enjoys a 97.3% occupancy rate and 85% of its revenue is backed by public healthcare funding. While there are economic disruptions related to the coronavirus even in the healthcare sector, this REIT operates in an essential sector that is highly resilient. These highly defensive attributes are what has attracted me to Northwest.

On top of this, investors also get a very generous dividend yield of well over 8%. Income and defensiveness all wrapped up in one.

Fool contributor Karen Thomas owns shares of Northwest Healthcare Properties REIT.

Brian Paradza: NorthWest Healthcare Properties REIT

Brian Paradza is also selecting **NorthWest Healthcare Properties** (TSX:NWH.UN) as his top idea right now. Here is what he had to say:

NorthWest’s units were not spared when Canadian real estate investment trusts took a hit during a market crash since February, yet NWH is one of the most defensive REITs best placed to weather any financial storm right now. This is the best time for income investors to buy the juicy +8% distribution yield.

The geographically diversified landlord serves cure healthcare service providers that are at the front line of the fight against the COVID-19 pandemic. The majority of its rental revenue is directly provided by public healthcare funding and occupancy rates remain strong over 97% with 14 years in average remaining lease terms.

The trust is deleveraging its portfolio and shoring up liquidity to achieve investment-grade ratings this year while growing assets under management could mean better earnings. Such attributes attract higher valuation premiums.

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

Cindy Dye: CargoJet

Cargojet (TSX:CJT) is a leading provider of time-sensitive overnight cargo. To combat the COVID-19 outbreak, Cargojet quickly redeployed its aircraft to support the increased transport volume of e-commerce, healthcare, and essential supplies.

Last year, Cargojet's total revenue was $486.6 million, an increase of 7% over the prior year. The company represents more than 90% of the domestic overnight air cargo lift available in Canada.

In recent years, Cargojet made the wise decision to diversify into several key businesses, including ACMI (in which aircraft, crew, maintenance, and insurance are leased). The 40% revenue growth year over year in the ACMI business proves this strategy is paying off.

Cargojet's booming cargo business, in addition to the ACMI revenue, makes the stock appealing during this crisis and for years to come.

Fool contributor Cindy Dye does not own shares of Cargojet.

Matt Smith: Canacol Energy Inc.

Weaker energy prices and poor outlook for natural gas are weighing on energy stocks. One upstream natural gas producer which is proving resilient to the harsh operating environment is **Canacol Energy Inc.** (TSX:CNE).

The Colombian based driller is proving very resilient to the natural gas crisis. Canacol has contractually locked-in take or pay pricing for the natural gas produced which is almost triple the North American Henry Hub price. This gives it a handy financial advantage over its North American competitors.

Colombia's natural gas shortage coupled with growing demand means that higher than market prices will continue. Rising sales and increased access to Colombian energy markets because of new infrastructure will boost Canacol's earnings. This coupled with the certainty associated with its contracted sales price mean sit dividend yielding a juicy 6% is sustainable.

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

Amy Legate-Wolfe: Nutrien Ltd.

The perfect long-term buy during today's market rally is **Nutrien Ltd.** (TSX:NTR)(NYSE:NTR). Nutrien is taking over the fractured market of crop nutrients, an industry sorely needed as the amount of arable land decreases throughout the world.

But this is a new stock, so there is still the opportunity to get in early. Right now, Nutrien trades with a potential upside of 77% just to reach fair value. As Nutrien buys up smaller global crop nutrient companies, its share price will soar higher. These acquisitions increase earnings should bode well for the company's solid dividend increases as well. As the population grows, Nutrien shares will soar. This could take awhile, but makes Nutrien the perfect stock to buy and forget for decades.

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

Joey Frenette: Canadian Tire Corporation Limited

Canadian Tire Corporation Limited (TSX:CTC.A) is a discretionary retailer that got pummeled on the coronavirus-induced market crash. While there are still plenty of issues with the long-term Canadian Tire story, most notably with its less-than-stellar e-commerce platform, I am still very enticed by the compelling valuation to be had with the stock trading at just $97 and change.

The company has more than enough liquidity to ride out the coronavirus "typhoon" and will be in a position to enjoy a potentially better-than-expected sales recovery across its banners as Canada looks to gradually re-open its economy over the coming weeks and months.

In the meantime, investors can collect the safe 4.7%-yielding dividend as they wait for things to inch closer to normalcy.

Fool contributor Joey Frenette has no position in any stocks mentioned.

David Jagielski: Jamieson Wellness Inc.

Jamieson Wellness Inc. (TSX:JWEL) is my stock pick for May. The stock's been one of the better ones on the TSX this year and it's been rallying over the past month. With a business that's focused on vitamins and health products, it's also a safe investment to hold. Its products will continue to see strong demand even during a recession, and that's why it may be a good stock to hold even amid the coronavirus pandemic.

The stock isn't volatile and has a beta value of just 0.3, indicating that it won't go along with the market's wild swings. The company also pays investors a modest yield of 1.4%.

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

Robin Brown: European Apartment REIT

European Apartment REIT (TSXV:ERE.UN) is my top stock for May. Apartment REIT's are arguably the most defensive REITs to own here. This fact is amplified in ERES REIT's core market, the Netherlands. 50% of the Dutch population believe they will never own a house. Apartment rentals are a necessity and demand is dependably strong there.

The COVID-19 curve is beginning to flatten in Holland. Consequently, ERES could see a return to "normal" operations soon, likely before North American peers.

ERES REIT is cheap. It yields 4.5% and trades at 27% discount to NAV. This stock gives investors value, income, diversity, and growth, making it a solid long-term buy.

Fool contributor Robin Brown owns shares of European Residential REIT.

Stephanie Bedard-Chateauneuf: Barrick Gold

Barrick Gold (TSX:ABX)(NYSE:GOLD), the world's second largest gold miner, is my top stock for May.

Barrick Gold is on track to meet production targets for this year, despite the impact of the COVID-19 pandemic. The gold miner produced 1.25 million ounces of gold and 115 million pounds of copper in its first quarter. Barrick expects to produce between 4.8 million and 5.2 million ounces of gold this year and between 440 million and 500 million pounds of copper. In March, Barrick released a 10-year production plan to become the most valued bullion company.

Barrick's share price has risen by about 60% year-to-date as investors rush to the safety of gold and gold stocks.

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

Daniel Da Costa: Shaw Communications Inc.

Shaw Communications Inc (TSX:SJR.B)(NYSE:SJR) is an ideal stock to add to your portfolio in May. Investors have been looking for high-quality, core businesses to help protect capital in these uncertain times, and Shaw can provide exactly that.

At current prices, Shaw trades at just 17.5 times its trailing earnings. That gives the stock significant room to grow in current market conditions. And with its growing wireless division, the company has a tonne of long-term growth potential as well.

In the meantime, it's financially stable and pays an attractive dividend that yields roughly 5%, making it the perfect stock to add to your portfolio in these uncertain conditions.

Fool contributor Daniel Da Costa has no positions in any stocks mentioned.

Vineet Kulkarni: Kirkland Lake Gold

My top stock for May is **Kirkland Lake Gold** (TSX:KL)(NYSE:KL). It is $13 billion Canadian gold mining company that operates several mines in Canada and Australia.

Kirkland stock has exhibited a shorter surge compared to peers recently and thus it is trading at a discounted valuation.

Continued higher gold prices will notably boost its earnings which will drive its stock higher. Higher production and declining costs have notably improved Kirkland Lake's margins in the last few years.

Even if the pandemic-driven lockdowns are released in the next few months, economic uncertainty will most likely continue to linger. This could extend yellow metal's rally which will ultimately benefit miners like Kirkland Lake Gold.

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

Nicholas Dobroruka: Brookfield Renewable Partners LP

As oil prices continue to plummet, my top stock for May is **Brookfield Renewable Partners LP** (TSX:BEP.UN)(NYSE:BEP). The company is at the forefront of the shift towards renewable energy. Wind, solar, and hydroelectricity, are the company's three main energy providers.

During the financial crisis, Brookfield held up much stronger than the Canadian market. With a potential recession looming, the company is once again in a strong position to weather the storm. Even as the economy continues to worsen, consumers will likely still require purchasing Brookfield energy.

Not only can Brookfield provide shareholders with security during a recession and long-term growth from the renewable energy sector, but it also pays a strong dividend at $3.05 per share.

Fool contributor Nicholas Dobroruka has no position in any of the stocks mentioned.

Kay Ng: H&R REIT

The 2020 market crash is your chance to boost your income because many quality dividend stocks are cheap for long-term investment.

One very cheap income stock is **H&R REIT** (TSX:HR.UN). The stock has been severely punished. However, most of its assets are showing resilience so far in this downturn.

Particularly, up till April 17, the REIT received 91% to 99% of rental income from its office, residential, and industrial tenancies. Together, they made up 65% of its rents.

The stock now offers a yield of close to 15%. Even if it were to cut its cash distribution by half due to the near-term headwinds, buyers today would still get a yield of about 7.5%, which is already the average market returns!

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

Fool contributor Kay Ng owns shares of H&R REIT.

Andrew Gudgeon: Park Lawn Corp

Park Lawn Corp (TSX:PLC) is my top pick for May, as it has suffered from COVID-19 but has been steadily recovering.

Park Lawn is the largest publicly traded Canadian funeral, cremation and cemetery provider with operations in Canada and the United States. The company has shown consistent stellar growth with a five-year annual revenue growth rate of 74.2%.

Park Lawn will have slightly reduced revenue growth during COVID-19 but share prices will recover quickly once operations are back at full power, and at these prices represents a great opportunity to buy low. Park Lawn currently pays a dividend of 2% yearly.

Fool contributor Andrew Gudgeon owns shares of Park Lawn Corp.

CATEGORY

1. Coronavirus
2. Investing
3. Top TSX Stocks

TICKERS GLOBAL

1. NYSE:B (Barrick Mining)
2. NYSE:BEP (Brookfield Renewable Partners L.P.)
3. NYSE:NTR (Nutrien)
4. NYSE:SJR (Shaw Communications Inc.)
5. TSX:ABX (Barrick Mining)
6. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
7. TSX:CJT (Cargojet Inc.)
8. TSX:CNE (Canacol Energy Ltd)
9. TSX:CSU (Constellation Software Inc.)
10. TSX:CTC.A (Canadian Tire Corporation, Limited)
11. TSX:ERE.UN (European Residential Real Estate Investment Trust)
12. TSX:HR.UN (H&R Real Estate Investment Trust)
13. TSX:JWEL (Jamieson Wellness Inc.)
14. TSX:NTR (Nutrien)
15. TSX:NWH.UN (NorthWest Healthcare Properties Real Estate Investment Trust)
16. TSX:PLC (Park Lawn Corporation)
17. TSX:SIS (Savaria Corporation)
18. TSX:SJR.B (Shaw Communications)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Coronavirus
2. Investing
3. Top TSX Stocks

Date
2025/08/12
Date Created
2020/05/01

Author
motley-fool-staff