Top TSX Stock Picks for June

Description

We asked our freelance writers to share their top stock picks for June. Here’s what they chose:

Kyle Walton: Suncor Energy

My top pick for June in **Suncor Energy** (TSX:SU)(NYSE:SU). The company is in a sweet spot for June, as energy prices rise from their historic lows and Western Canadian Select (WCS) maintains a narrow spread with West Texas Intermediate (WTI).

WTI prices have risen significantly since their historic April lows, and appear poised to continue marching higher as global demand slowly comes back online. This should provide some much-needed relief for companies in the oil patch. While Suncor recently cut its dividend, this could provide a boost for capital appreciation in the short-term. It seems that political appetite for a prolonged global oil price war is waning, and Suncor stands to significantly benefit as the market gradually returns to a balance.

Fool contributor Kyle Walton has no position in the companies mentioned.

Ryan Vanzo: Hydro One Ltd

My top stock for June is **Hydro One Ltd** (TSX:H). This stock gives you ultimate protection from market volatility. It also exposes you to a powerful multi-year growth trend.

Hydro One is responsible for delivering electricity to the residents of Ontario. Its transmission lines cover 97% of the province. It’s a pure middleman business, transporting energy from power plants to residential homes and businesses.

Even during the deepest recessions, electricity demand barely dips. That's why Hydro One stock has *gained* in value since the year began. As the grid electrifies further through solar energy and electric vehicles, demand for its transmission network will only increase. This stock is the ideal blend of safety and long-term growth.

Fool contributor Ryan Vanzo has no position in the companies mentioned.

Ambrose O'Callaghan: Sleep Country Canada

My top stock for June 2020 is **Sleep Country Canada** (TSX:ZZZ). Shares of Sleep Country had surged 27% month-over-month as of mid-afternoon trading on May 29. The retailer has managed to weather the COVID-19 pandemic, largely due to its strong e-commerce platform. Sleep Country achieved 143% e-commerce growth across all brands following the closure of its brick-and-mortar stores.

Shares last had a favourable price-to-earnings ratio of 11 and a price-to-book value of 1.8. It finished the quarter with a strong cash position of $52.7 million. Sleep Country stock has room to run in 2020 and should benefit from the gradual reopening across Canada.

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

Karen Thomas: Telus Corp.

My top stock pick for June is a safe and secure one, with strong visibility and predictability. With a leading position as one of Canada's leading telecommunications providers, **Telus Corp.** (TSX:T)(NYSE:T) presents us with a safe haven in these difficult times.

Telus also has significant growth opportunities in Telus Health and Telus International. These opportunities have been accelerated as a result of the coronavirus pandemic and Telus is set to benefit handsomely. Telus Health has been an invaluable partner to the healthcare system, using technology to connect patients with their doctors through different platforms. Telus International is helping companies with their digital transformations which enable remote work.

Lastly, Telus' liquidity and balance sheet remain strong. And this strength, along with continued strong free cash flows and a dividend yield of over 5%, make Telus my top pick for June.

Fool contributor Karen Thomas has no position in the companies mentioned.

Amy Legate-Wolfe: Canadian Pacific Railway Ltd.

If there's one steady stock that investors should consider, it's **Canadian Pacific Railway Ltd.** (TSX:CP)(NYSE:CP). CP Rail has been marching forward with only a slight dip during the financial crisis. The company has already done the reinvestment into its infrastructure, cutting costs to bring in as much cash to shareholders as possible. This is why the company remains the top choice of the railway duopoly.

While the stock currently trades at pre-crash levels, analysts believe the stock will reach around $330 per share in the next year, and even beyond. Meanwhile, investors will also receive the company's dividend of 1.07%, and this dividend has increased every year for the last five years.

Fool contributor Amy Legate-Wolfe owns shares of Canadian Pacific Railway Ltd.

Andrew Button: The Canadian National Railway

Andrew Button is taking the other side of the railway duopoly as his top pick. Here's what he had to say:

Canadian National Railway (TSX:CNR)(NYSE:CNI) had a surprisingly good first quarter in 2020. Its revenue was flat, but earnings increased 31% year-over-year. The earnings jump was mainly due to lower labour costs and increased operational efficiencies.

CNR's first quarter perfectly illustrates the company's long term resilience. Even in a quarter marred by rail blockades and the COVID-19 pandemic, it managed to grow its earnings substantially. This isn't something all companies have been able to do. The market seems to have reacted well to CN's performance, as its stock was up 24% from its March bottom as of this writing.

Fool contributor Andrew Button owns shares of The Canadian National Railway.

Nicholas Dobroruka: Lightspeed POS

My top pick for the month of June is **Lightspeed POS** (TSX:LSPD). The point-of-sale (POS) provider has innovated its product offering into so much more than just a POS service. The company now offers support to businesses through inventory management, staffing, data analytics, digital marketing, and loyalty program creation.

The majority of the tech company's clients are small- or medium-sized businesses. The stock price has done surprisingly well this year considering a large percentage of its clients were forced to shut down temporarily due to the pandemic. Since the beginning of 2020, the stock price is down just under 15%.

Now that businesses are beginning to re-open across the country, Canadian investors should look to add shares of this stock before the price is back to an all-time high.

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

Vineet Kulkarni: MTY Food Group

A quick-service restaurant operator **MTY Food Group** (TSX:MTY), which operates 80 brands with over 7,000 franchised locations in 39 countries, stock never really recovered from the COVID-19 market crash. As economies are gradually re-opening after weeks-long lockdowns, its restaurants could see increased footfall, which should revive its stock.

Peer Restaurant Brands International stock surged more than 80% since its record lows in March. However, MTY stock is still trading 65% lower to its early 2020 levels and looks insanely discounted.

MTY's average revenue growth was 42%, while earnings growth was 21% in the last three years, much higher than peers. A discounted valuation for such a high-growth company indeed looks like an attractive bet.

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

Robin Brown: Richards Packaging Income Fund

Richards Packaging Income Fund (TSX:RPI.UN) is my top stock for June. It is one of the largest suppliers of packaging and containers in North America.

In the first quarter, Richards had a massive uptick in demand for medically-related packaging and hand sanitizer containers. As a result, it saw very strong (~30%) revenue and earnings growth. This should continue through 2020.

Richards is incredibly efficient and consistently produces a significant amounts of free cash flow. It also pays a nice 2.5% dividend. Richards should be debt-free by the end of the year, so I think that could fuel further growth initiatives or dividend increases in the future.

Fool contributor Robin Brown owns shares of RICHARDS PACKAGING INCOME FUND.

Vishesh Raisinghani: Alimentation Couche-Tard

For June, I'm betting on the resurgence of fun. Specifically, I'm betting on a gradual reopening of the economy and a boost in domestic travelers trying to get away from their homes. And no matter where Canadian travelers go this summer, they're likely to stop by a Couche-Tard store along the way.

Alimentation Couche-Tard (TSX:ATD.A)(TSX:ATD.B) is my top pick for this bet on a summer reopening. Foot traffic at its stores should pick up in June, which will be reflected in higher sales for the quarter. The company also has enough dry powder to buy some distressed assets and expand its global network further over the next few months.

Fool contributor Vishesh Raisinghani owns shares of Alimentation Couche-Tard.

Kay Ng: H&R REIT

My top stock pick remains as **H&R REIT** (TSX:HR.UN) from last month. The diversified REIT appears to be basing in the $8 to $11 per share range.

The key weight on the stock is its retail properties – particularly, the enclosed mall portion. Still, in May, it collected about 80% of the rent from its entire portfolio.

This is thanks largely to its office, residential, and industrial properties from which it collected 90% to 99% of rents.

H&R cut its cash distribution by half recently. So, its current yield of 6.5% is much more trustworthy.

You get paid handsomely to wait for a stock that can trade in the $20 range in a normal market!

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

David Jagielski: Fortis Inc.

Fortis Inc. (TSX:FTS)(NYSE:FTS) is my top for June. The utility stock is a safe pick to hold on to during what's still a very uncertain and chaotic time in North America. From the COVID-19 pandemic to geopolitical issues involving China and protests going on in the U.S., now is a good time for investors to look for safety.

With Fortis, investors get a stable stock that's down around 1% this year. But it also pays a dividend of around 3.6% that will help you generate a positive return even if the stock stays where it is. While the markets remain as volatile as they are, Fortis is a good place for investors to park their money. It's a low-risk stock that isn't volatile and that can produce better returns than a savings account will.

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

Aditya Raghunath: Village Farms International

The cannabis stocks were on an upward spiral in May, following better than expected results. One such company is **Village Farms International** (TSX:VFF)(NASDAQ:VFF) that gained over 60% in the last month.

Village Farms started as a producer and distributor of greenhouse-grown cucumbers, tomatoes and bell peppers. It leveraged this expertise to enter the cannabis space.

Village Farms has a majority ownership in a joint venture with Emerald Health Therapeutics. The JV is called Pure Sunfarms Corp. and is one of the largest cannabis growing operations in the world with a distribution network in three Canadian provinces.

While most cannabis companies are grappling with widening losses, Village Farms posted an adjusted EPS of $0.05 in 2019. Analysts expect sales to increase 17.3% to $169.6 million and 15% to $195 million to 2021, making it one of the top picks among pot stocks not just for June but over the long-term as well.

Fool contributor Aditya Raghunath has no position in any of the stocks mentioned.

Mat Litalien: Pretium Resources

Given the uncertain outlook, I think its important for investors to remain defensive. The price of gold should be well supported given the significant amont of Government stimulus being pumped into the economy. In the space, **Pretium Resources** (TSX:PVG)(NYSE:PVG) is one of the most attractive in terms of relative valuation.

The company had a spotty 2019 as Brucejack is proving to be a very complex project. This is leading to higher than expected AISCs. However, Brucejack is still a high-grade, world class asset and Pretium is still generating lots of cash at these levels. After Detour Gold got eaten up by **Kirkland Gold** earlier this year, Pretium is the last large, single-asset company. This makes it a prime takeover target.

Trading at only 12.45 times forward earnings, 1.65 times book value and with growth rates in the 20%+ range, it is one of the cheapest stocks in the industry.

Fool contributor Mat Litalien has no position in any of the stocks mentioned.

Sneha Nahata: Jamieson Wellness

Jamieson Wellness (TSX:JWEL) is one of those few TSX stocks that navigated the coronavirus-led market crash unscathed. Moreover, it has been a steady performer, rising by 23.7% year-to-date. Furthermore, it is up about 67% in one year.

Jamieson Wellness manufactures high-quality vitamins, minerals and supplements (VMS), the demand for which is on the rise. Investors should note that Jamieson's top-line has grown at a CAGR of 7.4% in the last 20 years. Meanwhile, in recent years, its revenue growth rate has accelerated further.

Jamieson Wellness will continue to benefit from the growing demand for VMS. Besides, the focus on healthy living, ageing population, and rapid expansion to the international markets set a solid base for further upside in its stock.

Fool contributor Sneha Nahata has no position in any of the stocks mentioned.

Stephanie Bedard-Chateauneuf: Jamieson Wellness

Stephanie Bedard-Chateauneuf also selected Jamieson Wellness as the top stock to buy in June. Here's what she had to say:

Jamieson Wellness, Canada's number one consumer health brand, is my top stock for June.

Jamieson manufactures and markets sports nutrition products and specialty supplements.

The company reported a strong first quarter, with revenue increasing by 16.5% to $84.5 million and adjusted net income by 20.6% to $7.8 million. Jamieson saw an acceleration in purchases throughout the quarter, as health and wellness became a priority amid the COVID-19 pandemic.

The company is maintaining its outlook for fiscal 2020 and forecast net revenue in a range of $364 to $376 million, representing growth of 5.5% to 9%.

Jamieson’s stock has soared 25% year-to-date.

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

Joey Frenette: Restaurant Brands International

Restaurant Brands International (TSX:QSR)(NYSE:QSR) has now surged over 80% off its March lows, but let’s be real, the stock had no business collapsing the way it did during the February-March coronavirus crash. Even after the QSR’s recent run, shares still look like a compelling value at 13.4 times EV/EBITDA as Canada looks to reopen its doors for business.

As Canadian consumers are given the green light to dine in at their favourite fast-food restaurants (whether it be Tim Hortons, Burger King, or Popeye’s), Restaurant Brands is in a spot to see its same-store sales comps bounce back in a big way.

The stock sports a safe 4% dividend yield and is a worthy buy at $75 for those seeking a capital-light defensive dividend growth stock to outperform in this recessionary environment.

Fool contributor Joey Frenette owns shares of Restaurant Brands International.

Cindy Dye: Restaurant Brands International

Cindy Dye also chose RBI as her top stock pick for June. Here’s what she had to say:

My top stock for June is Restaurant Brands International. RBI is the parent company of Tim Hortons and Burger King, but the crown jewel in the company’s portfolio is Popeyes.

Popeyes recorded a 32% growth in system-wide sales during the first quarter, which included at least one full week of COVID-19 impacts. This surge in sales is due, at least in part, to the revamping of the menu and the introduction of the chain’s wildly popular spicy chicken sandwich.

Unfortunately, Tim Hortons continues to be a drain on RBI’s balance sheet. The company made recent changes to its management team. With these changes, if Tim Hortons can duplicate even part the success RBI achieved with Popeyes, RBI is sure to reward its investors.

Fool contributor Cindy Dye has no position in the companies mentioned.

Puja Tayal: SmartCentres REIT

My top TSX stock pick for June is **SmartCentres REIT** (TSX:SRU.UN). The coronavirus pandemic-driven lockdown severely hit the real estate market as many retail stores, offices, and restaurants were temporarily closed. The REIT was faced with the challenge of collecting rent from its tenants.

SmartCentres stock fell 33% from its regular trading price to its 11-year low. Even though 2020 is a challenging year for the REIT, investors concerns are overblown.

SmartCentres is better positioned for the pandemic as it earns around 60% of its rent from essential services like grocery, pharmacy, and banking. Its tenants comprise big names like **Walmart** and **Loblaw** that have high creditworthiness. It has sufficient liquidity to withstand the crisis and maintain its dividend.

The low stock price of SmartCentres has boosted its dividend yield from 5-9%. As the economy reopens, the stock will return to its normal trading price, presenting an upside potential of 50%.

Fool contributor Puja Tayal has no position in the companies mentioned.

Victoria Hetherington: Descartes Systems Group

Another earnings beat for a Canadian tech stock puts **Descartes Systems Group** (TSX:DSG)(NASDAQ:DSGX) back on the map. Sales were up 7% in its first quarter, making for a significant play for pandemic-resistant growth. Indeed, the destructive market forces at play may even strengthen the thesis for holding business automation stocks.

It's been quite the earnings season for companies offering much-needed efficiency through tech solutions. Investors have been migrating towards quality names in the supply chain space as the pandemic causes wild swings in shipment lifecycles. Descartes ticks the box for logistics exposure, packing long-term growth prospects, and a very strong quarter in one market-beating name.

Fool contributor Victoria Hetherington does not own shares of Descartes Systems Group.

Andrew Gudgeon: Aphria Inc.

Aphria Inc. (TSX:APHA)(NYSE:APHA) is my top pick for June. It's a global consumer packaged goods and wellness company focused on cannabis.

The company has posted stellar earnings so far in 2020, and I believe it will continue to do so in the future. The Canadian cannabis industry is due for a correction after the fallout of financing issues and COVID-19.

Last earnings, Aphria posted a 54% growth of cannabis sales quarter-over-quarter while other similar companies are posting flat or decreased growth. I would also consider the current share price of Aphria to be undervalued based on future cashflows.

Fool contributor Andrew Gudgeon has no position in the companies mentioned.

Jared Seguin: Bank of Nova Scotia

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is my top TSX stock pick for June. The stock recently surged after earnings came out.

Of course, loan loss provisions rose. But, they did not drastically skyrocket for Scotiabank as they did for some of its peers.

Scotiabank also took a hit on earnings, but this wasn't anything that wasn't expected given the circumstances.

All in all, some damage is there but it seems to be contained. So, investors can look toward the long-term with Scotiabank.

As of writing, investors can pick up shares at a 6.52% yield. This massive yield helps the rewards outweigh the risks when it comes to buying Scotiabank for the long run.

Fool contributor Jared Seguin has no position in any of the stocks mentioned.

Matt Smith: Innergex Renewable Energy Inc.

Innergex Renewable Energy (TSX:INE) defied the pressure applied to stock and has gained 12% for the year to date. There are further long-term gains ahead. Innergex owns a diversified portfolio of renewable energy assets in Canada, the U.S., France, and Chile. The renewable energy utility reported solid first-quarter 2020 numbers. These show that Innergex has successfully turned its business around. Innergex is actively strengthening its balance sheet, reducing long-term debt by 9% year over year to $4.3 billion which is a manageable five-times EBITDA.

Innergex is constructing two power plants, has four development-stage projects, and recently acquired a Chilean solar farm. The utility will deliver significant value as earnings grow because of higher electricity production. While waiting for Innergex's stock to soar further you will be rewarded by its sustainable dividend yielding 3.8%.

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

CATEGORY

1. Investing
2. Top TSX Stocks

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. NASDAQ:VFF (Village Farms International, Inc.)
3. NYSE:BNS (The Bank of Nova Scotia)
4. NYSE:CNI (Canadian National Railway Company)
5. NYSE:CP (Canadian Pacific Railway)

6. NYSE:FTS (Fortis Inc.)
7. NYSE:QSR (Restaurant Brands International Inc.)
8. NYSE:SU (Suncor Energy Inc.)
9. NYSE:TU (TELUS)
10. NYSE:WMT (Wal-Mart Stores Inc.)
11. TSX:ATD (Alimentation Couche-Tard Inc.)
12. TSX:BNS (Bank Of Nova Scotia)
13. TSX:CNR (Canadian National Railway Company)
14. TSX:CP (Canadian Pacific Railway)
15. TSX:DSG (The Descartes Systems Group Inc)
16. TSX:FTS (Fortis Inc.)
17. TSX:H (Hydro One Limited)
18. TSX:HR.UN (H&R Real Estate Investment Trust)
19. TSX:INE (Innergex Renewable Energy)
20. TSX:JWEL (Jamieson Wellness Inc.)
21. TSX:L (Loblaw Companies Limited)
22. TSX:LSPD (Lightspeed Commerce)
23. TSX:MTY (MTY Food Group)
24. TSX:QSR (Restaurant Brands International Inc.)
25. TSX:RPI.UN (Richards Packaging Income Fund)
26. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)
27. TSX:SU (Suncor Energy Inc.)
28. TSX:T (TELUS)
29. TSX:ZZZ (Sleep Country Canada)

PARTNER-FEEDS

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

Category

1. Investing
2. Top TSX Stocks

Date
2025/08/12
Date Created
2020/06/01
Author
motley-fool-staff