



3 Stocks to Buy With \$10 000

Description

We've all done it once in our life, imagining what we would do if we won the lottery, but let's be a bit more realistic and focus on where to invest our next \$10 000.

These three stocks are on my short list for my next investments and they might be a good fit for yours also.

MTY Food Group

First on the list is my growth stock **MTY Food Group** ([TSX: MTY](#)). MTY is a mall food court operator and franchisee with over 27 brands under its roof. The company is on a tear recently, up more than 180% in the past five years while showing no signs of stopping. Still, it only has a market capitalization of \$630 million, so there is much more room for growth in the future.

The company is one of the best operators in the business with operating margin over 30% while growing sales at an astounding 23% compounded annual growth rate over the last five-year period. Net income margin was over 20% throughout this growth period.

Finally, management is not standing still, acquiring yet another three brands just last month, and in doing so, MTY Food Group entered the important workweek morning rush. Following the acquisition, founder Stanley Ma said he is confident he can achieve meaningful synergies between Café Dépôt and his other brands.

BCE Inc

Second is **BCE Inc** ([TSX: BCE](#)) ([NYSE: BCE](#)), our dividend payer. This company is one of the most widely known in Canada to be Grandma's trusted investment, and I love that it is. Mind you, it does not have the margins of MTY, but it does not need to when it pays you a hefty 5% dividend yield just for holding on to its shares.

The recent Bell Aliant acquisition will only reinforce the strength of BCE's cash generation by instantly adding over one million customers currently being served by Bell Aliant in Eastern Canada.

Management estimates the acquisition to add over \$200 million in yearly free cash flow, and we can expect that dividend to go only one way in the future, up!

Metro Inc.

Last but not least is our recession-proof company, **Metro Inc.** ([TSX: MRU](#)).

This stellar grocery store executed brilliantly during the financial crisis and unlike many companies kept on increasing its dividend.

The fact of the matter is people do not stop eating when the economy is in recession. Even better, consumers eat more at home and less at restaurants benefiting grocery stores.

Metro's results reflect this reality, with an average return on invested capital of 32% in the last three years much stronger than any of its competitors showing the disciplined investments that management is making on a daily basis. Add to that the \$250 million in free cash flow generated out of \$5.3 billion in sales in 2013, and we can easily understand that the company is not going to suffer from a recession with ample cash to finance its operations.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BCE (BCE Inc.)
2. TSX:BCE (BCE Inc.)
3. TSX:MRU (Metro Inc.)
4. TSX:MTY (MTY Food Group)

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