



Canadian Tire Corporation Limited: The 1 Stock I'd Buy With an Extra \$1,000

Description

Canadian Tire Corporation Limited ([TSX:CTC.A](#)) soared in 2014, but even with this solid performance putting the company at such a lofty valuation, I think there is more upside potential. This is why that if I had an extra \$1000 to invest Canadian Tire would be my top pick. Here are three reasons why.

1. A consistent performer

No company is immune to economic cycles, but Canadian Tire is a proven performer over years and across varied economic conditions, and there is no reason to suspect this will change anytime soon.

During the last recession, Canadian Tire's stock lost more than half of its value, but was able to stage a fairly quick recovery. There are companies out there that never recover, or even survive economic slowdowns, but Canadian Tire has proven that it can come back even stronger than before. Over the last 10 years the company's stock is up about 133%, a nice return for a time period that included the Great Recession.

2. A strong company

New entrants into Canadian Tire's market have sparked concern, but none have hurt Canadian Tire's performance. The company has managed to survive the entrance of **Wal-Mart Stores Inc.** ([NYSE:WMT](#)) and **Target Corporation** ([NYSE:TGT](#)) into the Canadian market, and still thrived. The success of its competitors has not been as positive. For many reasons, Canadian Tire is strong in the Canadian market.

3. A solid dividend history

We have heard it time and time again, dividend-paying companies tend to outperform their non-dividend paying counterparts. Canadian Tire pays a relatively modest dividend, with the current annual yield at 1.71%, but the important fact to consider here is that the company has consistently paid dividends. In fact, going back to 1999 the company has never decreased its dividend, it has either maintained or increased it.

I love companies that maintain or increase dividends over the long run because it shows that they are financially well-run. Over a long time period a company will have its ups and downs, but if it never has to cut a dividend, it must be doing something right, and Canadian Tire definitely is.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CTC.A (Canadian Tire Corporation, Limited)

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Author

lklingel

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