2 Low-Key Stocks With Very Impressive Results

Description

When it comes to finding the best options for a portfolio, investors are told time and again to diversify their investments and make selections from a wide variety of companies.

Investors often pick the larger, better-known options for their portfolios. While there's certainly nothing wrong with this practice (let's be honest; it can be very profitable at times, so why not?), some truly great companies are left largely undiscovered.

Let's take a look at two of these companies and what they can offer investors.

Metro, Inc. (TSX:MRU) is by no means a small company. Metro is the third-largest grocery and food company in the country with over 600 locations in both Ontario and Quebec, employing over 65,000 people.

Metro currently trades at just over $41. Year-to-date the company is up by 6.63% and, looking out over a full 12 months, the stock is up an impressive 17%. Metro pays out a quarterly dividend, which was recently bumped by 20% to $0.14 per share, giving the stock a yield of 1.36%.

Metro reported first-quarter earnings last month, which showed a broad increase across the board for the company. Sales were up by 4.3% to $2,961.6 million with same-store sales up by 2.8%. Net earnings for the company came in at $139.8 million for the quarter, up an impressive 24.3%. Fully diluted net earnings per share were also up by 30.2%, to $0.52.

Metro has had a tendency to grow during down periods of the market. In 2008, when the market fell by over 30%, Metro had gains of over 40%. The market also had a bad year in 2011, when the market fell by over 10%. By comparison, Metro was up almost 20%. Fast forward to 2015, when the market finished the year down, and Metro finished the year up by more than 10%.

Saputo Inc. (TSX:SAP) is another large company that is also flying under the radar of many investors. Saputo is Canada's largest dairy producer and one of the 10 largest dairy producers in the world with over 12,000 employees in locations across Canada, the U.S., Argentina, and Australia.

Saputo currently trades at $38, and year-to-date the company is up by over 14%. The company is priced just shy of the 52-week high of $38.48. Saputo currently pays out a quarterly dividend of $0.14, giving the company a yield of 1.43%.

In the most recent quarter Saputo reported adjusted net earnings of $175.4 million, representing a 13.5% increase over the same quarter last year. Revenue came in at $2.901 billion, a 2.8% increase over the same quarter last year, and diluted earnings per share were reported to be $0.44 per share, 15.8% higher than the $0.38 per share reported in the same quarter last year.

Analysts are generally positive about Saputo; the consensus is to hold or buy the company with price targets falling in the $38-40 range.

Both Metro and Saputo are, in my opinion, great long-term options to diversify a portfolio, particularly during down periods in the market, when both of these companies have shown strength.

CATEGORY

1. Dividend Stocks
2. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

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2. TSX:SAP (Saputo Inc.)

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