



Investors: Get Rich Investing in Canada's Most Hated Companies

Description

There are certain companies that are very unpopular with consumers.

These companies tend to have a few things in common. They supply products and services that are needed by customers, things like electricity, telecommunications, and banking services. These are things we simply can't live without in 2016.

Since they're in high demand, providers have terrific pricing power. It seems like every year the company that provides my Internet or power seems to push through a price increase. Sure, I complain about it, but I'm not switching. It's too big of a pain.

When your customers feel ripped off most of the time, any added fees will really tick them off. So when a company like **Rogers Communications Inc.** ([TSX:RCI.B](#))([NYSE:RCI](#)) charges somebody \$500 for excessive roaming, media outlets pick up on the story. Even though the excessive charges might be 100% the customer's fault, the company is blamed. I truly pity the public relations people who work for these companies. It's tough to spin charges customers view as excessive as being positive.

But at the same time, investors must look beyond the public image of these companies and realize an important truth. Often, the relationship between the public's love of a company and profits is an inverse one. The more people hate a company, the more profit it can make.

Here are three hated Canadian companies that enjoy such an advantage.

Rogers Communications

Rogers is perhaps the most hated company in Canada. Many customers think the company charges too much for cell service that isn't even reliable. It even got to the point where investors were avoiding the stock because people hated the company so much.

This perception is improving because the company has made it a priority. But still, there's little chance customers are going to love Rogers anytime soon. And that's a good thing, since the company delivers consistent profits to shareholders.

You can't argue with results. Over the last decade, shareholders who reinvested all of their dividends generated an annual return of 11.5%. Compare that to the TSX Composite Index, which only delivered gains of approximately 4% annually.

Royal Bank

You don't become the biggest bank in Canada without stepping on some toes along the way.

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) knows this better than anyone. The company recently raised bank fees to certain customers by just a few dollars per month—hardly anything in the grand scheme of things. And yet, the reaction to this was swift with hundreds of customers loudly proclaiming they were pulling their money out of the institution.

Royal Bank is so big that those customers were nothing but a rounding error. The company owns a dominant market share in things like deposits under management, mortgage loans outstanding, total credit card customers, and other categories. And it has significant exposure to the U.S. market, something Canadian investors who are nervous about our housing bubble like.

Just Energy

Just Energy Group Inc. ([TSX:JE](#))([NYSE:JE](#)) might be the most hated company on this list. The Internet is filled with thousands of complaints from homeowners who felt ripped off after using the company as a power or natural gas distributor.

Things aren't quite that simple. Sure, I have no doubt some of these customers were lied to. But plenty of others failed to fully understand the contract they were signing. Many chose to lock in their prices at the exact wrong part of the business cycle. Additionally, Just Energy has thousands of business customers that love the ability to control the price they pay for power.

Besides, two of Canada's richest people—Jim Pattison and Ronald Joyce—have significant stakes in the company. These investors realize that Just Energy has significant advantages over its competitors. And finally, the company is profitable enough that it can easily cover its 6.4% dividend, a payout that ranks among the best yields out there.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:RCI (Rogers Communications Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:RCI.B (Rogers Communications Inc.)

4. TSX:RY (Royal Bank of Canada)

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