Invest in the Canadian Equivalent of Church & Dwight Co., Inc.

Description

Over the past decade, I know of no stock in Canada or the U.S. that's performed as consistently as **Church & Dwight Co., Inc.** (NYSE:CHD), the $13 billion consumer-products company whose brands include Arm & Hammer baking soda, OxiClean stain remover, Pepsodent tooth paste, and many others.

In the past 10 years Church & Dwight's stock has achieved an annualized total return of 19.4%, almost 12 and 14 percentage points higher than the S&P 500 and TSX, respectively. Year-to-date through July 22 it's up 17.9%. But these numbers aren't the most important statistic investors should be aware of.

No, Church & Dwight's stock's biggest achievement over the past 10 years has been delivering a positive return in every calendar year since 2006. That's right, even in 2008 it managed to eke out a total return of 4.4%, well above the S&P 500's 37% decline. In seven of the past 10 years, it's generated double-digit returns including five over 20%.

There might be stocks over the entire decade that produced better cumulative returns, but very few Canadian stocks have been able to match its consistency.

The following three stocks, however, have managed to come pretty darn close.

Constellation Software Inc. (TSX:CSU)

Founder and CEO Mark Leonard started the software company in 1995 with $25 million from OMERS, and 21 years later it has a market cap over $10 billion and annual revenues close to $2 billion. Building the company through acquisitions, Leonard cut his teeth in venture capital prior to starting Constellation and knows how to get deals done at attractive prices.

It hasn't had a negative calendar-year return since it went public in May 2006. A $10,000 investment in its stock at its IPO price of $17 is worth $300,529 today. Unfortunately, because it didn't trade for the entire calendar year in 2006, Constellation falls just shy of the mark despite delivering a sizzling 39% annualized total return over the past nine years.

CCL Industries Inc. (TSX:CCL.B)

My next selection has become a global specialty packaging success by providing consumer-products companies with labels for their various brands. It 2015 it generated $3 billion in annual revenue; 92% was label-related with another 8% from its container business, which produces aerosol cans and specialty bottles for many of the consumer-products companies it makes labels for.

Most of its growth has come in the past five years through acquisitions, such as the $500 million purchase of Avery labels in 2013 and $556 million deal in March for Checkpoint Systems, a provider of RFID labeling solutions for the retail and apparel industry.

Over the past decade it has managed to deliver an annualized total return of 21.7% through July 22. From 2006 through 2015 it's managed nine years of positive returns on a calendar basis with the only down year in 2008, when it lost 33.8%–about the same decline as the TSX as a whole.

Up 38.9% over the past 52 weeks, CCL management continues to deliver for shareholders. Something tells me that's not going to change anytime soon.

Stella-Jones Inc. (TSX:SJ)

The company produces pressure-treated wood for both commercial and residential markets, although its claim to fame is providing railway ties and utility poles, which accounted for 79% of its $421 million in Q1 2016 revenue. Since 2012 its revenues have more than doubled from $732 million to $1.6 billion in 2015. In the same period its operating profits have also doubled to $220 million.

Although its residential business generated just $183 million in 2015, it was a 43% increase from 2014. In 2011 its annual revenue from this area was just $28 million. Currently accounting for 12% of Stella-Jones's total revenue. Investors can expect this market to provide further growth for the company in the future.

With 15 years of consecutive growth, it's no wonder that Stella-Jones's stock has achieved an annualized total return of 26.8% over the past decade and 35.2% over the past 15 years. With the exception of 2008, when its stock declined 59.2%, Stella-Jones has delivered positive annual returns for shareholders in nine out of the past 10 years.

Down 9.0% year-to-date, investors could be looking at a nice entry point.

CATEGORY

1. Investing

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1. Editor's Choice

TICKERS GLOBAL

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