



These 3 So-Called Boring Stocks Could Make You Rich

Description

Good investing is like watching paint dry. All you need to do is choose great stocks, buy them at a reasonable price, and then hold on for a few decades. It really can be that easy.

Many investors just can't do it, and I can see why. There aren't many other activities that reward us for doing nothing. It's hard to lose weight if you don't get off the couch or start eating better. Promotions tend to go to hard workers. And there's definitely a correlation between a student's success and the amount of time they spend studying.

Plus, human biases come into play. When a stock we own dips, most investors look at selling. We should be doing the opposite. Many are also content to take a quick 25% gain, but then they miss out on 500% rally over the next decade.

Here are three stocks that are poised to continue delivering great returns.

Royal Bank of Canada

Every investor eventually learns their lesson. No matter how risky you may think the Canadian economy might be, it's silly to bet against Canada's banks.

There's a simple reason to like **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) more than its peers. It dominates the market. Royal Bank is in first or second place in every major banking category in Canada from the number of branches to assets under management. It also has a strong balance sheet, pays a 3.5% dividend, and is well diversified in the United States.

That dominance has translated into great returns for investors over the years. If you'd invested \$10,000 in Royal Bank shares 15 years ago, it would be worth more than \$71,000 today, assuming reinvested dividends and no other costs. Not bad!

Saputo

Although the company has grown substantially over the last 15 years, many investors argue that **Saputo Inc.**

[\(TSX:SAP\)](#) still has plenty of room to get bigger — way bigger.

The company dominates the Canadian dairy industry. It has also expanded into the United States, Argentina, Australia, and a little bit into Europe as well. Since dairy is such a fragmented business, there are still many local opportunities available in places such as the United States, Brazil, New Zealand, and various parts of Europe.

Perhaps the biggest prize is China. On a per-capita basis, the world's most populous country still lags far behind North America and Europe in milk consumption. As the nation continues to get richer, its citizens will start pigging out on ice cream, cheeseburgers, and the like.

Saputo's exposure to China is somewhat small today. All it really does is supply the country with evaporated milk products that are used in food manufacturing. Management would love to expand that.

A \$10,000 investment made in Saputo 15 years ago with dividends reinvested would be worth \$92,258 today. That's a terrific return for a sector most investors would write off as boring.

Fortis

Fortis Inc. ([TSX:FTS](#))([NYSE:FTS](#)) gets a great deal of attention because it has increased its dividend every year since 1972. While that's a pretty impressive accomplishment, I'm a bigger fan of the company's ability to successfully use acquisitions to get a lot bigger.

In just the past handful of years, the company has acquired CH Energy Group (paid US\$1.5 billion in 2013), UNS Energy (paid US\$4.3 billion in 2014), and ITC Holdings (paid US\$11.8 billion in 2016). Notice how these deals just keep getting larger?

The company also trades at a pretty reasonable valuation. Analysts expect the company to earn \$2.46 per share in 2017, putting it at 17 times forward earnings. Fortis currently pays a 3.8% yield.

A \$10,000 investment in Fortis 15 years ago would be worth \$74,813 today, assuming dividends were reinvested. Not bad for investing in the power company.

The bottom line

Investing doesn't have to be complex. Just \$30,000 invested in Royal Bank of Canada, Saputo, and Fortis back in 2002 would be worth approximately \$240,000 today. All it takes to get rich is patience, picking great stocks, and not doing anything too dumb. If you can master that, it's only a matter of time until you're successful.

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Date

2025/09/11

Date Created

2017/02/06

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