



These 3 Hated Companies Are Making Investors Rich

Description

In 2017, it isn't enough for a company to put out a reasonable product at a fair price. Many also feel a company needs to back the right causes as well.

This has spurred the creation of a new kind of business. Thousands of entrepreneurs are creating companies that embody this new kind of capitalism.

Toms, the shoe manufacturer, is a perfect example. It donates a pair of shoes or eyeglasses to a needy group for every pair sold in stores or online. It helps the company sell shoes while making customers feel good about themselves.

Companies are even venturing into more politically sensitive areas. **Audi** recently posted on its **Twitter** feed that it supports closing the gender wage gap, a hotly contested topic among various pundits. And hundreds of different companies have voiced their opposition to something Donald Trump has said or done.

I've never understood all of this, to be honest. I think a company should do its best to deliver the best product or service possible. As long as the customer is happy, none of this other stuff matters. Besides, coming out for (or against) things has a way of alienating certain customers, especially in the United States.

There's a smarter way to invest. Forget about companies trying to make customers feel good. Just invest in things we can't live without. That way, sentiment doesn't really matter.

Here are three hated Canadian companies that have made investors very wealthy over the years.

CIBC

How many times have you complained about the interest rate on your mortgage, the amount of bank fees shelled out every month, or outrageous overdraft charges? I know I sure have.

But at the end of the day, it's just talk. Not only do we continue paying fees, but we don't even switch

banks. There's no point. They're all pretty much the same.

When it comes to investing in Canada's largest banks, I like to invest in the one that's the cheapest on a couple of different metrics. The first is the price-to-earnings ratio. And the second is the bank with the highest dividend.

Canadian Imperial Bank of Commerce ([TSX:CM](#))([NYSE:CM](#)) checks both boxes. Shares currently trade hands at less than 11 times trailing earnings while paying investors a dividend of 4.3%. The company is also planning to acquire Chicago-based PrivateBancorp, a deal that could be finalized relatively soon. This comes after shareholders have pushed the company to expand into the United States for years now.

Altagas

Nobody likes paying the gas bill, although we do like staying warm.

Altagas Ltd. ([TSX:ALA](#)) is a diversified utilities provider. It transports natural gas for various energy producers as well as produces power and delivers gas to more than 565,000 customers in four different provinces. The company also just announced a deal to acquire **WGL Holdings**, which has sent shares reeling to close to a 52-week low. This is a good time to be buying.

Altagas pays a terrific dividend of 6.8% — a payout supported by cash flow. The company is also in the midst of a \$3 billion expansion program that should also boost the bottom line.

Cineplex

When was the last time you heard anyone argue that going to the movies is cheap? I know I cringe whenever I'm forced to pay \$10 for a soda and popcorn.

But we still go, because there's nothing that can quite replicate watching a movie on the big screen. This gives **Cineplex Inc.** ([TSX:CGX](#)) an impressive amount of pricing power.

Cineplex isn't just a movie company. It has multiple growth avenues, including expanding into restaurants and gaming arcades, designing and installing digital signage for various businesses, as well as using its big screens to show things that aren't movies.

Cineplex currently pays a 3.1% dividend and has hiked its payout each year since 2011.

The bottom line

It seems counterintuitive, but investors should actually prefer to invest in companies that are hated. Being able to thrive despite being hated indicates a stock has pricing power, which is exactly what we should be looking for.

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