



## French's Ketchup Now Made in Toronto: 3 Ways Investors Can Profit

### Description

When I saw Toronto Mayor John Tory on BNN April 19 cutting the ribbon on the new French's Ketchup manufacturing line at Select Food Products' plant in Toronto, I just had to figure out how investors could profit from French's commitment to Canada.

If you don't know the backstory, an Ontario man caused a big stir last year posting on **Facebook** his family's love of French's Ketchup while expressing disappointment with **Kraft Heinz Co** ([NASDAQ:KHC](#)) for closing its Leamington plant in June 2014, putting more than 700 people out of work.

The story went national, creating a firestorm of bad publicity for 3G Capital and Warren Buffett, the new owners of Kraft Heinz and who also own **Restaurant Brands International Inc.** ([TSX:QSR](#))([NYSE:QSR](#)), which I [wrote](#) about in early March.

The opposite is true for French's, which entered a partnership last summer with the Toronto-based food manufacturer to add a new production line at its Toronto plant to sell French's Ketchup across Canada; up until this week, French's sourced the tomatoes and tomato paste in Ontario, but bottled its ketchup in Ohio. Now, every bottle of French's Ketchup sold in Canada is 100% Canuck.

I'm a curious investor and a bit of a patriot, so I looked into three ways the average Canadian investor can jump on French's bandwagon — other than buying a bottle of its ketchup — and here's what I came up with.

### Option 1

London-based **Reckitt Benckiser Group Plc** (LSE:RB) owns French's. Its other brands include Durex condoms, Finish dishwashing detergent, Scholl footcare, Lysol wipes, Air Wick air fresheners, and soon Enfamil baby formula, a brand that Reckitt's paying US\$16.6 billion to acquire.

It's possible that your broker can buy shares of Reckitt directly on the LSE, but you'll likely face a stiff fee to do that. The cheaper alternative is to buy its ADR, which trades over the counter in the U.S. under the symbol RBGLY.

## Option 2

You can buy a TSX-listed ETF that has a high concentration of U.K. companies, either country specific (I don't believe any trade on the TSX) or part of something bigger such as a Europe-focused fund.

For my money, there are two ETFs which stand out for me.

The first is the **BMO MSCI Europe High Quality Hedged to CAD Index ETF** ([TSX:ZEQ](#)), a collection of 127 stocks, including Reckitt Benckiser at 2.45%, the ETF's 13th-largest position. Of course, as its name suggests, you don't have to worry about the currency.

The second is also hedged to the Canadian dollar and sold by WisdomTree Investments, a relatively new entrant in the Canadian ETF market. **WisdomTree International Quality Dividend Growth Variably Hedged Index ETF** (TSX:DQI) invests in 300 dividend-paying companies outside Canada and the U.S. whose market caps are greater than \$1 billion and rank highly in terms of growth and quality.

Reckitt Benckiser is the sixth-largest holding at 2.78% of the portfolio. The U.K. accounts for 19.01% of the ETF's total assets, the largest weighting of any country in the fund.

## Option 3

**Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) just brought out a group of global sector ETFs, including the **BMO Global Consumer Staples Hedged to CAD Index ETF** ([TSX:STPL](#)), a group of 154 consumer staples stocks from around the world. Reckitt Benckiser has a 1.72% weighting and is the 17th-largest holding. U.S. stocks represent 56.27% of the portfolio with the U.K. second at 13.05%. Canada is eighth largest at 1.52%.

This final option might be the best in my opinion because you can never go wrong with consumer staples stocks as a core part of your portfolio.

## Bottom line

I have to commend French's for its commitment to Canada. It's a good example of how globalization should work. If you want to sell stuff here, you should also make it here. For this reason, I would consider owning Reckitt Benckiser's stock or one of the ETF options mentioned above.

The only fly in the ointment?

To pay for its Enfamil acquisition, it might have to sell French's. It would still be a good stock to own, but without the same Canadian connection.

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