

Make Money Investing Canada's Most Trusted Brands

Description

We don't often see the words "trust" and "big business" go together these days; perhaps they never have.

While banks and other financial services companies are making billions of dollars in profits, their employees are getting the ax, being replaced by technology, so ever more profits are made for shareholders. It seems not even Mike Myers' brother is safe from the chopping block, despite getting his famous actor brother to shill for **Sears Canada** in a 2014 video to help right a sinking ship.

It's why I'm a little skeptical of annual lists, like the one just out from the University of Victoria's Peter B. Gustavson School of Business. Started in 2015, the Gustavson Brand Trust Index ranks 294 Canadian companies and brands for their level of trustworthiness with Canadian consumers.

"Trust plays a vital role in our community, economy and collective mindset as Canadians," says Saul Klein, dean of the Gustavson School of Business. "We have witnessed several breakdowns in trust over the past year, which we see reflected in our results. It is clear that trust can erode very rapidly but it takes a long time to build or to recover from mis-steps."

Losing trust can kill the market cap

Samsung Electronics ranked 15th on the school's 2016 list, but after its reputation took a huge hit when its Galaxy Note 7 had to be permanently pulled from the market after customer phones started catching on fire, its position dropped dramatically to 219th.

Another brand to pay attention to is Tim Hortons, which jumped 20 spots in this year's ranking to 27th place. **Restaurant Brands International Inc.** ([TSX:QSR](#))([NYSE:QSR](#)), its parent, has come under fire in recent months after franchisees in both Canada and the U.S. have taken the company to court over its [failure](#) to adequately invest the \$700 million paid into the brand's advertising fund.

Analysts and the business media are divided over what this will do to QSR's share price. Personally, I think it could affect the stock price, but it's hard to know how this will play out.

Until then, QSR wants you to [trust](#) it. There's that word again.

Trust can also boost the market cap

A positive from this year's ranking is **Indigo Books & Music Inc.** ([TSX:IDG](#)), which jumped 53 spots all the way to sixth place. While Indigo's share price has taken a hit so far in 2017, down 12.6% year to date, it's up 14.6% annually over the past three years, during which time it's ascended into the top 10.

On June 23, 2015, the business school released its first annual index. Here's how the companies (those publicly traded) in the top 10 have performed since.

Gustavson 2015 Brand Trust Index Top 10

Brand	Parent	Three-Year Annual Return
Tim Hortons	Restaurant Brands International	30.5%*
President's Choice/Shoppers Drug Mart	Loblaw Companies Ltd. (TSX:L)	14.4%
Google	Alphabet Inc. (NASDAQ:GOOGL)(NASDAQ:GOOG)	17.7%
Canadian Tire	Canadian Tire Corporation Limited (TSX:CTC.A)	13.7%
Campbell Soup	Campbell Soup Company (NYSE:CPB)	7.7%
Johnson & Johnson	Johnson & Johnson (NYSE:JNJ)	12.2%
Average		16.0%
S&P 500		9.8%
TSX		2.7%

Sources: *Morningstar.com, Google Finance*

Note: *Since December 2014

The results speak for themselves

They certainly do.

Like the Dogs of the Dow, you might want to buy the stocks that appear in the school's top 10, hold for a year, and then sell when next year's list comes out.

Alternatively, you could buy the 10 stocks with the biggest move on this year's list, hold for a year, and repeat the drill next year.

Any way you slice it, you can make money investing in Canada's most trusted brands.

CATEGORY

1. Investing

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2. NASDAQ:GOOGL (Alphabet Inc.)
3. NYSE:JNJ (Johnson & Johnson)
4. NYSE:QSR (Restaurant Brands International Inc.)
5. TSX:CTC.A (Canadian Tire Corporation, Limited)
6. TSX:IDG (Indigo Books & Music)
7. TSX:L (Loblaw Companies Limited)
8. TSX:QSR (Restaurant Brands International Inc.)

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