



The Best Back-to-School Stocks to Buy

Description

Now approaching the last few weeks of summer, it is time for parents to get their kids ready for school, which means getting the plastic out and purchasing supplies in addition to many other things needed to begin the new school year. Here are some of the best stocks to purchase in anticipation of the back-to-school season.

Canadian Tire Corporation Limited ([TSX:CTC.A](#))

One of Canada's best-known retailers, the company, which is better known for an extensive inventory of auto supplies and home repair tools, has sold a significant number of the items needed for students to go back to school for many years. Going far beyond pens and pencils, the nationwide retailer sells lunchboxes and things like reusable water containers, which carry significantly higher margins. The upside for investors is that the retailer is now one of fewer and fewer retailers with a bricks-and-mortar footprint and the inventory on hand when needed.

Currently, shares of Canadian Tire Corporation Limited pay a quarterly dividend which yields 1.75%. The company pays out only 25% of earnings on a rolling quarterly basis.

Dollarama Inc. ([TSX:DOL](#))

The very well known Canadian discount store is in prime position to provide the accessories desired by students. From basic stationery to the specially designed pens and pencils, kids will want to clear off the shelves of this retailer time and time again. The good news for investors is the ever-greater footprint of the company. In the most recent fiscal year, 65 net new stores were opened to reach a total of 1,095. With a target of 1,700 stores over the next eight to 10 years, investors will want to follow along as this dollar giant could become the next dividend champion.

The company pays investors a dividend yield of no more than 0.4%, while retaining over 90% of earnings for future expansion. Shares of Dollarama Inc. are for investors seeking capital appreciation instead of an income stream.

Jean Coutu Group PJC Inc. (TSX:PJC.A)

Arguably the best-known pharmacy in Quebec, shareholders will be very happy when older students enter stores to purchase the higher-priced stationary and a number of beauty supplies to ring in the new school year. With any luck, the pharmacy will become a one-stop shop for many consumers seeking multiple items that go beyond simple prescription drugs.

Currently, shares of this defensive company pay a dividend of 2.4%. The company pays out 45% of earnings.

Wal-Mart Stores Inc. ([NYSE:WMT](#))

For investors looking south of the border, shares of the world's largest bricks-and-mortar retailer may be the best play. Currently trading at a price near \$80 per share, the company recently reported quarterly results which told a very clear story: online selling is where the growth will come from. Currently offering one of the safest dividend yields of 2.5%, investors should be rewarded with a mix of dividend growth and capital appreciation over the long term.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:WMT (Wal-Mart Stores Inc.)
2. TSX:CTC.A (Canadian Tire Corporation, Limited)
3. TSX:DOL (Dollarama Inc.)
4. TSX:TLRY (Aphria)

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