



The Top Picks in Eastern Canada

Description

With a significant amount of value hiding around the country, many investors may not be aware of some of Canada's best-run companies. Based in eastern Canada, many of these names hold a very important place in their local economies, yet are not always well known by investors across the country.

One of Quebec's gems is **Jean Coutu Group PJC Inc.** (TSX:PJC.A), which has a lengthy track record of serving customers since its founding in 1969 and has since grown to more than 400 locations in Quebec and the Maritimes. The company currently pays a quarterly dividend of \$0.13 per share, offering investors a yield of almost 2.5%. As a defensive investment, this name has a lot to offer, yet carries minimal risk due to the franchise model.

As the return on equity has averaged more than 20% over the past four years, investors can project earnings to be close to \$1.40 per share over the next year. Currently trading at a forward price-to-earnings ratio of nearly 16 times, this company may still have a long way to go.

Based in Montreal, shares of **Laurentian Bank of Canada** ([TSX:LB](#)) are a big provider of financing to businesses and consumers alike. With still many branches opened to consumers, the company has been consistently profitable for quite a long time. Investors purchasing shares at the current price of \$56 per share will receive a dividend yield of almost 4.5% in addition to tangible book value per share of \$58 per share as the company continues to turn a profit.

For fiscal 2016, the dividend-payout ratio was 40% and return on equity was 8.5%, as total equity increased significantly. As the potential catalyst for investors could be a major share buyback in the coming months, investors may be lucky to get in early.

Lastly, the two companies which started off as local and have since expanded nationally are **Dollarama Inc.** ([TSX:DOL](#)), and **Alimentation Couche Tard Inc.** (TSX:ATD.B). Both companies, which are based in the Montreal area, have expanded their footprints on a nationwide scale while trying to share at least a small portion of the profits with investors.

Dollarama's dividend yield is no more than 0.4%, yet the return on equity came in at approximately 78% for the past fiscal year. Clearly, investors who are long the stock are on the right track.

Alimentation Couche Tard pays a very low dividend of no more than 0.6% and has a consistent return on equity of 22% for the past fiscal year. Unlike Dollarama, however, this convenience store has not been repurchasing shares; instead, it's letting the equity increase inside the company.

For investors looking for a regional focus, there are many excellent names to choose from in the eastern part of the country. Although certain companies will most likely remain local, there are others that have proven themselves on a nationwide basis, making investors very wealthy in the process.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:DOL (Dollarama Inc.)
2. TSX:LB (Laurentian Bank of Canada)
3. TSX:TLRY (Aphria)

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