

3 Hot Stocks at 52-Week Highs Poised to Soar Even Higher

Description

Investing in stocks at 52-week highs may sound counter-intuitive, but a stock that's hitting 52-week highs could also be embarking on a fresh bull run, especially when the rally is backed by sound fundamentals. Three such stocks right now are **Magna International Inc.** ([TSX:MG](#))([NYSE:MGA](#)), **Brookfield Asset Management Inc.** ([TSX:BAM.A](#))([NYSE:BAM](#)), and **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)). Here's why these stocks could fly even higher.

Magna International: Solid growth catalysts ahead

Magna is up almost 28% in the past six months as of this writing. Yet the stock is far from expensive at a price-to-earnings multiple of under 10 times.

You see, Magna hugely underperformed the market last year with only 4% gains versus the **S&P TSX's** double-digit returns. Not surprisingly, positive developments at the automotive supplier this year have acted as strong triggers for the stock.

Backed by strong demand from international markets, Magna not only reported record quarterly sales last quarter, but it also upgraded its full-year sales outlook to 6% growth at the midpoint. If achieved, 2017 will be Magna's best year in history.

And it isn't just Magna's numbers — the company made some thrilling announcements this year, including the launch of its autonomous driving platform, MAX4.

Given its strong operational numbers and innovative moves to exploit future trends, you're likely to be richly rewarded, even if you buy Magna at its 52-week high price today.

Brookfield Asset Management: On its way to strong growth

Brookfield shares are up 20% so far this year, and it's no fluke. The asset management company has seen its net income and [funds from operations](#) surge 10% and 27%, respectively, in the past 12 months.

Brookfield buys high-quality, distressed assets, turns them into money-minting machines, and sells them off as they mature to reinvest opportunistically. Today, the company has more than US\$250 billion worth of assets under management across transport, utilities, energy, communications, and renewable energy sectors in 30 countries.

Last quarter, Brookfield spent a whopping US\$9 billion to buy natural gas transmission and water companies in Brazil, among others. The company also acquired majority stakes in U.S.-based publicly listed renewable energy companies **TerraForm Power** and **Terraform Global**.

In the past five years, Brookfield stock has grown at an average compounded clip of 15%. With the stock trading at only 10 times price to cash flow, there's still time for you to own a piece of this rapidly

growing company.

Royal Bank of Canada: Strong enough to weather the storms

Royal Bank stock shot up last month after the bank reported 9% jump in net income to \$8.6 billion and a 70-basis-point rise in return on equity to 17.2% for the nine months ended July 31, 2017, driven by strong performances from its wealth management, personal & commercial banking, and investor & treasury services segments.

More importantly, Royal Bank's PCL ratio came in at only 0.23% in the third quarter, reflecting strong credit quality. PCL is the provision for credit losses made for estimated potential losses from credit risk.

Encouraged by those numbers, management also hiked dividends by 5% in Q3, pushing the stock's dividend yield to 3.7%. Royal Bank's dividends have now grown at a solid compounded average rate of 8% in the past decade.

With management expecting the "momentum to continue in the fourth quarter," and a strong balance sheet to boot, it looks like Royal Bank stock still has some steam left.

CATEGORY

1. Bank Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. NYSE:MGA (Magna International Inc.)
3. NYSE:RY (Royal Bank of Canada)
4. TSX:BN (Brookfield)
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