



## 2 Stocks Trading at 52-Week Highs: Time to Buy?

### Description

With a 2.6% dividend yield, **Intact Financial Corporation** ([TSX:IFC](#)) offers investors stable income as well as significant potential capital appreciation.

Intact is the largest provider of property and casualty (P&C) insurance in Canada with a market share of over 17%. The company's principal insurance products are automobile, property, and liability insurance.

The Canadian P&C industry is a mature market and, accordingly, Intact has grown mostly through acquisitions to the leading position it has today, with over \$9.9 billion in direct premiums written and a \$14.9 billion investment portfolio.

With a successful acquisition history, which has given the company scale and size to drive down costs and bring up returns, Intact has ventured into the U.S. with the acquisition of U.S. specialty insurer OneBeacon Insurance Group Ltd. for \$2.3 billion.

The acquisition is expected to generate top- and bottom-line growth opportunities from broader geographic and business mix diversification.

In fact, looking to the future, investors in Intact have much to be excited about.

Intact plans to leverage its strong balance sheet to continue to be a consolidator in the P&C insurance industry. The company continues to target acquisitions of \$500 million or more in direct premiums written, with an acquisition target internal rate of return of 15%.

The company's balance sheet remains strong with a debt-to-cap ratio of under 23%. Management expects that 15-20% market share will change hands in the next five years. And given that barriers to entry are high in this business, this leaves Intact well positioned to continue to be the consolidator in Canada and in the U.S.

Intact offers investors a defensive, reliable, high-quality name that has a proven history of value creation. The stock hitting 52-week highs is justified by these factors, and I think that it still represents a

good buy for investors looking for these qualities in a stock.

**National Bank of Canada** ([TSX:NA](#)), also having hit highs recently, has been a laggard in the banking industry and is now reaping the rewards of its restructuring plan. The bank is targeting \$135 million in cost savings in 2017 and \$155 million in 2018.

In its latest quarter, the bank reported EPS of \$1.39, which was higher than expected and represents a 4.5% growth rate compared to the same quarter last year.

The stock has a dividend yield of 4%, and with a much stronger capital position, the company is increasingly likely to return cash to shareholders. We can expect good times ahead.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. TSX:IFC (Intact Financial Corporation)
2. TSX:NA (National Bank of Canada)

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