



## Canada's Best Brands Outperform the TSX in 2017

### Description

This time last year, I'd suggested that investors consider an equal-weighted portfolio of 18 stocks that's considered by *Canadian Business* to be full of some of Canada's best brands.

Heading into the holiday season, anyone who'd followed my [advice](#) is going to be feeling pretty good about 2017 with gains more than double the TSX Composite Index.

That's not too bad for an off-the-rack portfolio solution. I wonder if it can beat the TSX for a second straight year? We're about to find out in 2018.

In the meantime, let me run through some of the highlights of this past year from Canada's best brands.

### Canada's best brands: 2017 YTD performance through Dec. 14

Company	YTD Total Return	Company	YTD Total Return
<b>Bank of Nova Scotia</b> ( <a href="#">TSX:BNS</a> )( <a href="#">NYSE:BNS</a> )	13.4%	<b>BRP Inc.</b> ( <a href="#">TSX:DOO</a> )	71.4%
<b>Quebecor, Inc.</b> ( <a href="#">TSX:QBR.B</a> )	29.9%	<b>Jean Coutu Group PJC Inc.</b>	18.6%
<b>Cineplex Inc.</b> ( <a href="#">TSX:CGX</a> )	-21.0%	<b>Toronto-Dominion Bank</b> ( <a href="#">TSX:TD</a> )( <a href="#">NYSE:TD</a> )	11.8%

<b>Great-West Lifeco Inc. (</b> <a href="#">TSX:GWO</a> )	3.6%	<b>Saputo Inc.</b> ( <a href="#">TSX:SAP</a> )	-4.8%
<b>Lowe's Companies, Inc. (</b> <a href="#">NYSE:LOW</a> )	22.5%	<b>IMAX Corporation</b> ( <a href="#">NYSE:IMAX</a> )	-21.3%
<b>Metro, Inc.</b> ( <a href="#">TSX:MRU</a> )	2.7%	<b>Loblaw Companies Limited</b> ( <a href="#">TSX:L</a> )	-2.7%
<b>Telus Corporation</b> ( <a href="#">TSX:T</a> )( <a href="#">NYSE:TU</a> )	16.8%	<b>Canadian Tire Corporation Limited (</b> <a href="#">TSX:CTC.A</a> )	19.6%
<b>Bank of Montreal</b> ( <a href="#">TSX:BMO</a> )( <a href="#">NYSE:BMO</a> )	13.1%	<b>Restaurant Brands International Inc. (</b> <a href="#">TSX:QSR</a> )( <a href="#">NYSE:QSR</a> )	23.6%
<b>Empire Company Limited</b> ( <a href="#">TSX:EMP.A</a> )	54.2%	<b>WestJet Airlines Ltd.</b> (TSX:WJA)	19.5%

Source: Morningstar.ca

Up and down both columns, there are some outstanding YTD returns.

With an average YTD return of 15.1%, Canada's best brands' performance couldn't quite keep up with the S&P 500 Total Return Index in 2017, underperforming the American benchmark by 570 basis points, but handily beating the S&P/TSX Composite Total Return Index by 750 basis points.

### Three highlights

By sheer numbers, BRP is the biggest standout in 2017. It benefited from a robust all-terrain vehicle market this past year, something I [alluded](#) to in November. This time last year, I'd suggested that investors forget **Bombardier, Inc.** ([TSX:BBD.B](#)) and buy BRP's stock instead.

While Bombardier is up 42.1% YTD thanks to Airbus buying a majority of the CSeries program, BRP is up almost double that on strong sales — sales I expect to continue into 2018 and beyond. The founders of Bombardier, who also built BRP, had a very prosperous 2017.

The second highlight stock of this past year from the group of 18 has to be Empire Company, not just because it's gained 54.2% on the year, but because it's taken some big steps to rebuild its business across the country.

Recently, it announced that it would convert up to 25% of its western Canada Sobeys and Safeway

stores to FreshCo — Sobeys's discount banner. Also, it's laying off 800 office staff opting to get rid of its regional structure for a more streamlined, national operation.

Both moves seem like good ideas, so it's possible Empire stock will have another good year in 2018.

The third and final highlight from the group of 18 has got to be Restaurant Brands International, the parent of Tim Hortons, Burger King, and Popeye's. Up almost 24% on the year, despite being embroiled in a full-on war with its franchisees — something that Fool contributor Joey Frenette [believes](#) is nothing more than a bump in the road.

I'm less inclined to think a fight with more than half of Tim Hortons franchisees is no big deal, but you have to give the company credit for pressing ahead with its business plan, despite the legal issues hanging over its head.

If it can reach an amicable settlement with the dissident franchisees, investors should expect more double-digit gains in 2018.

### **Takeaway from Canada's best brands**

While there aren't any energy names on the list, you've got three banks to get your financial fill, some select retailers in Canadian Tire and Lowe's, a cinema business in Cineplex that looks to rebound from a rough year, and some other interesting investments to ride into 2018.

As portfolios go, this one's a keeper.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:IMAX (IMAX)
3. NYSE:LOW (Lowe's Companies, Inc.)
4. NYSE:QSR (Restaurant Brands International Inc.)
5. NYSE:TD (The Toronto-Dominion Bank)
6. NYSE:TU (TELUS)
7. TSX:BBD.B (Bombardier)
8. TSX:BNS (Bank Of Nova Scotia)
9. TSX:CGX (Cineplex Inc.)
10. TSX:CTC.A (Canadian Tire Corporation, Limited)
11. TSX:DOO (BRP Inc.)
12. TSX:EMP.A (Empire Company Limited)
13. TSX:GWO (Great-West Lifeco Inc.)
14. TSX:L (Loblaw Companies Limited)
15. TSX:MRU (Metro Inc.)
16. TSX:QBR.B (Quebecor Inc.)
17. TSX:QSR (Restaurant Brands International Inc.)
18. TSX:SAP (Saputo Inc.)

19. TSX:T (TELUS)
20. TSX:TD (The Toronto-Dominion Bank)
21. TSX:TLRY (Aphria)

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