



2 Industry Titans Your Portfolio Needs

Description

How balanced is your portfolio?

We often mention the importance of diversifying our portfolios with a healthy balance of companies from a broad spectrum of the economy, but there are some areas of the economy that we often bypass.

Food stocks are obvious candidates in this regard, as we are less inclined to think of those types of stocks as investments, despite there being a solid number of great investment options available.

Another area omitted just as often are manufacturing stocks. Many investors tend to shy away from these stocks, as the [ongoing NAFTA renegotiations](#) give off the impression that these profitable businesses could soon see their entire supply chain and business model altered by the protectionist regime in the U.S.

Let's look at some of those companies and dispel some of those fallacies.

When it comes to automotive parts, there is no other company that comes to mind quicker than **Magna International Inc.** ([TSX:MGA](#))([NYSE:MGA](#)).

Magna reported strong quarterly results recently that, among other things, showcased a 16.3% uptick in quarterly profit. Net income attributable to shareholders came in at \$556 million, or \$1.53 per share, representing a respectable increase over the \$478 million, or \$1.24 reported, in the same quarter last year.

Much of that growth came from Magna's European operations, which realized an uptick of 34% in the quarter. This is not surprising given Magna's reach into nearly every automotive manufacturing market in the world, but it should alleviate concerns from investors that are overly focused on the North American market, which, coincidentally, saw a decrease in production by 5% and sales come in flat.

In addition to the earnings beat and globally diversified portfolio, Magna offers investors a quarterly dividend that pays a respectable 2.31% yield. The company announced a hike to the dividend in the recent quarterly update, which effectively means the dividend has doubled over the course of the past

few years.

Another interesting holding in the automotive sector is **Uni-Select Inc.** ([TSX:UNS](#)).

Uni-Select is a distributor of automotive aftermarket parts and paint-related products with nearly 450 stores and distribution centres in its network. The company may not initially seem like it has an aggressive stance to expansion, but looking closer at the company reveals a streak of over 70 acquisitions over the past decade, all of which have aided to expand the company's growing distributor network.

To put that into perspective, each acquisition becomes a new location for the company, offering services to a new market and providing new revenue opportunities.

In the most recent quarter, Uni-Select reported sales of US\$415 million, representing an increase of 42.6% over the same period last year. Much of that growth can be attributed to acquisitions and organic growth in sales witnessed over the quarter.

Adjusted EBITDA saw an uptick of 10.4% in the quarter to US\$28 million, and for the fiscal year, that figure rises to US\$117.5 million, an increase of 9.2% over the previous year.

Uni-select also offers investors quarterly dividend with a yield of 1.66%, but that's not the real reason to consider the company.

Uni-Select's entry in the U.K. market weighed in on the quarterly results, and when factoring in the market correction last month, the stock has dropped over 20% year to date, creating an incredible [opportunity for prospective investors](#) to buy into the company at a discounted rate.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. TSX:MG (Magna International Inc.)
3. TSX:UNS (Uni-Select)

PARTNER-FEEDS

1. Msn
2. Newscred
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