



Want to Beat the Market? Seek U.S. Exposure With These Stocks

Description

Indexes in the United States plummeted on March 23, as the global rout, sparked by trade war fears, was exacerbated following the announcement of [possible tariffs on Chinese goods that could exceed \\$60 billion](#). The S&P/TSX Index dropped 176 points on Friday, marking the second triple-digit loss in a row. The index has now declined 6% in 2018 thus far.

In spite of the recent turbulence, U.S. indexes have provided double-digit returns year over year, while the TSX index has failed to generate a year-over-year return above the inflation rate. After some initial back and forth, the U.S. and China may soon come to the table to avoid an all-out trade war. Let's take a look at companies that have a sizable footprint south of the border that could [benefit from tax reform](#) and other developments.

CAE Inc. ([TSX:CAE](#))([NYSE:CAE](#))

CAE is a designer, manufacturer, and supplier of simulation equipment for the aerospace industry. CAE stock has dropped 2.3% in 2018 thus far. This past week, CAE agreed to provide training solutions to NH90 military helicopters that will be acquired by Qatar. In January, CAE acquired U.S. and Canadian military contracts that were worth upwards of \$1 billion.

The \$1.3 trillion omnibus bill, which was signed by President Donald Trump after some fanfare and disagreement within the Republican Party, includes the largest increase in defence spending in 15 years. The U.S. Department of Defense will see its budget jump by \$61 billion for a top line of \$700 billion. Canada also has also unveiled to hike its defence spending by 73% over the next decade. CAE will stand to benefit from this trend going forward.

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#))

TD Bank stock plunged 2.27% on March 23 as financials were pummeled in the U.S. and Canada on global trade war fears. The drop put TD Bank stock into the red for 2018. TD Bank released its first-quarter results on March 1.

Its U.S. Retail banking segment posted adjusted net income of \$1.024 billion, which represented a

28% increase year over year. In December, the Trump administration signed through legislation that saw corporate taxes slashed from 35% to 21%. TD Bank reported a one-time tax charge of \$405 million in the first quarter, but leadership is confident that tax reform will be a significant net positive for earnings going forward.

Boyd Group Income Fund (TSX:BYD.UN)

Boyd Group is a Winnipeg-based auto body collision repair company. The company operates in four Canadian provinces and 14 U.S. states under the trade name Gerber Collision & Glass. Boyd Group released its 2017 fourth-quarter and full-year results on March 21.

In 2017, sales rose 13.1% to a record \$1.6 billion. Adjusted EBITDA surged 17.2% to \$145.6 million, and the company posted adjusted net earnings of \$58.8 million, representing an 11.8% increase from 2016. Boyd Group announced in its earnings that 40-50% of its tax reduction would go to benefit enhancements for its U.S. employees. The company announced a modest dividend of \$0.04 per share, representing a 0.5% dividend yield.

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Date

2025/08/14

Date Created

2018/03/26

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