3 Quebec Stocks to Buy for a Balanced Portfolio

Description

Are you looking to invest in Quebec companies?

Perhaps you live there, or like me, just follow many of the good businesses operating out of La Belle Province. Whatever the case may be, there are plenty of options available, whether you invest in mutual funds, ETFs, or individual stocks.

For the purposes of this article, I'm going to focus on individual stocks. However, if you get a chance, check out the **First Asset Morningstar National Bank Quebec Index ETF** (TSX:QXM). It has 55 holdings, including **Dollarama Inc.** (TSX:DOL), one of the best retailers in the country, it charges a reasonable fee of 0.50% annually, and it has an annualized total return of 13.3% since its inception in February 2012, double the TSX Composite Index.

All three of my Quebec stock picks are held by QXM.

A juicy stock

Are you familiar with **Lassonde Industries Inc.** (TSX:LAS.A)?

It sells orange juice, apple juice, and many other types of juice under several household names, including Oasis, Rougemont, Allen's, Graves, and several others.

In 2017, it had revenues of $1.5 billion and net profits of $89.9 million; in 2013, revenues and net profits were $1 billion and $44.9 million, respectively. Both are considerably higher just four years later.

Back in May 2016, when Lassonde was trading around $170, I'd recommended the juice maker despite its dual-class share structure. Now at almost $260, I won't hesitate to put it at the top of my list of Quebec-based companies to consider investing.

Do I hear $400?

Timber

The sign of a good economy is when you see more train cars on tracks heading here and there across Canada. It means they're delivering goods for people to buy.

Every one of those trains has wooden railway ties sitting under the tracks ensuring the safe travel of those goods. Even better, at the end of the railway ties' useful life, they're used as fuel and are a renewable source of energy.

Stella-Jones Inc. (TSX:SJ) is one of North America's leading producers of pressure-treated wood products. In 2017, its sales reached $1.9 billion, generating $207.4 million in operating income — a very healthy 11% operating margin. Railway ties and telephone poles account for 69% of the company's annual revenue.

I doubt either of these products are going to disappear anytime soon, providing what Warren Buffett fans call a wide moat.

While its dividend yield is only 1.1%, it's grown its annual dividend for eight consecutive years; it's now $0.44 annually — a five-fold increase from 2009.

Renovations aren't slowing

Richelieu Hardware Ltd. (TSX:RCH) got its start in 1968 supplying kitchen cabinet hardware to Quebec retailers. Fifty years later, it's a North American leader in the import, distribution, and manufacturing of specialty hardware and other complementary products.

In 2017, Richelieu had 69 distribution centres providing just-in-time deliveries of more than 110,000 products to customers across North America.

In terms of revenue, Richelieu generated $943 million in sales in 2017 — 12% higher than a year earlier with $67 million in net profits. That might not seem like a lot, but when you consistently add several million dollars in profits over the previous year, it adds up quickly.

With less than $5 million in debt and more than $29 in cash on its balance sheet, Richelieu is a very safe investment for the next five to 10 years.

And the best part? It's currently trading within pennies of its 52-week low, providing investors with a very nice entry point.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:DOL (Dollarama Inc.)
2. TSX:LAS.A (Lassonde Industries Inc.)
3. TSX:RCH (Richelieu Hardware Ltd.)
4. TSX:SJ (Stella-Jones Inc.)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date
2025/07/21
Date Created
2018/04/18
Author
washworth