

Investors Would Benefit From Owning This Financial Stock

Description

Morneau Shepell Inc. (TSX:MSI) made the news in April, but not for the usual reasons why most TSX companies land in the news.

Morneau Shepell had the professional responsibility and solemn task of letting people know that it had opened a 24/7 crisis hotline for people struggling in the aftermath of the tragic van attack on April 23 — one that killed 10 people and injured many others.

Although Morneau Shepell is widely known for its retirement and benefits services, it also provides companies in Canada and the U.S. with employee assistance programs, where staff can get help with any issues they're experiencing after tragic events such as this one.

On this day, whether or not you were a client of Morneau Shepell, you were free to call the hotline.

That's called doing what you can, when you can, for as many people as you can.

BlackRock, Inc. ([NYSE:BLK](#)) CEO Larry Fink is an outspoken believer in corporate responsibility. Running the world's largest asset manager, he could be focused exclusively on dollars and cents, but he chooses to see the business world as more than a conduit for shareholder profits.

"To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society," Fink wrote in his 2018 annual letter to CEOs. "Companies must benefit all of their stakeholders, including shareholders, employees, customers, and the communities in which they operate."

Fink has become the Richard Branson of the financial services industry by seeing the bigger picture. If only all CEOs felt this way.

I can't say for sure what's on Morneau Shepell CEO Stephen Liptrap's mind when it comes to big-picture ideas, but the fact that his company stepped up to help those in need after the van attack suggests that at the very least, he understands that his business is about more than just administering to retirement portfolios.

For those who care about socially responsible investments, Morneau Shepell ought to be on your watchlist. For those who care only about making money on your stocks, here's why you also should be interested in the company.

A boring stock, but one that delivers

If you go to its website, you'll see a laundry list of services it provides. Very few of them are exciting topics for a weekend cocktail party, but nonetheless essential.

Morneau Shepell's business isn't sexy. It doesn't offer the latest and greatest in parkas, it isn't an e-commerce champion, and it isn't the world's largest asset manager.

But what it does do is deliver for shareholders.

On May 7, it announced its first-quarter earnings. Sales grew 7.0% with a 7.4% increase in adjusted EBITDA. Not spectacular, mind you, but serviceable.

A \$10,000 investment in the company a decade ago is today worth \$27,887, a compound annual growth rate of 10.8%. By comparison, the **TSX Composite Index** had a CAGR of 3.8% over the same period.

The fact that it pays a \$0.78 annual dividend yielding 3.0% despite the stock's being up more than 14% through the first five months of 2018 is testament to its ability to deliver.

Last November, I [recommended](#) that investors forget about Finance Minister Bill Morneau and focus instead on Morneau Shepell the company — and buy its stock.

Up more than 10% in the six months since, I can't think of a single reason why you shouldn't own this boring financial stock. Not one.

Nor can Fool contributor Ryan Goldman, who recently [recommended](#) its stock due to the increasing demand for the types of services Morneau Shepell provides clients.

It tends to fly under the radar, which is strange given how well it performs. If you're an income investor, Morneau Shepell is a must for your portfolio.

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