



## 4 Top Stocks With Institutional Ownership

### Description

As markets become turbulent, and business news everywhere seems to portend doom and gloom, many investors are likely to be looking for ways to insulate their portfolios against potential shocks. One possible strategy for lowering the risk profile of your investments is to search for stocks with high levels of institutional ownership.

The investment thesis is simple — stocks heavily owned by a variety of funds, insurance companies, and financial institutions are more likely to be stable investments, as money managers have a long time horizon for their holdings.

In our search for high-quality stocks that may provide shelter from risk, we will select a few criteria. First, we will screen out any companies with institutional ownership below 75%. Next, we will ensure that the stocks that we select have market capitalizations in the billions, not the millions. Finally, we will look for a minimum dividend yield of 1.25%.

Ultimately, there are only a dozen or so stocks on the TSX that meet the above criteria. Let's take a look at four of the best.

#### **Gildan Activewear Inc.** ([TSX:GIL](#))([NYSE:GIL](#))

Gildan is a multinational manufacturer and marketer of apparel. The company owns, or has licensing agreements for, an impressive portfolio of brands, including instantly identifiable names, such as American Apparel and **Under Armour**.

Approximately 77% of Gildan's shares are institutionally owned, and for good reason; the company has achieved five-year compound annual [earnings-per-share growth](#) of over 10%. The growth at Gildan is significant, as its peers have seen compound annual contraction in excess of 5% in the same amount of time.

Gildan trades at a price-to-earnings multiple of about 18 and a price-to-book ratio of just under three. The company pays a quarterly dividend of US\$0.112 for an annualized yield of around 1.5%. Today, Gildan pays dividends over two times greater than it did in 2013.

#### **Thomson Reuters Corp. ([TSX:TRI](#))(NYSE:TRI)**

Thomson Reuters is a diverse information company with operations in media, finance, risk, tax, accounting, and legal segments. Earlier this year, the company announced a partnership with **The Blackstone Group L.P.** that will see the private equity firm take a majority stake in Thomson Reuters's financial and risk division, which will fundamentally restructure the company and may present a catalyst for growth.

Institutional ownership is very high at Thomson Reuters, sitting at about 92% of the shares. The company pays its quarterly dividend of US\$0.345 for a yield of roughly 3.3%.

#### **Maxar Technologies Ltd. ([TSX:MAXR](#))(NYSE:MAXR)**

Maxar is a surveillance and intelligence company that produces satellite equipment, communications solutions, and other geospatial services. With an order backlog in the neighbourhood of \$3.3 billion, the company is experiencing strong demand across government and commercial markets.

Maxar has institutional ownership of around 75%. Analysts are largely positive about the company, and the consensus 12-month price target is \$84.63, representing potential upside in excess of 22%.

Relative to its peers, Maxar is reasonably valued with a price-to-earnings multiple of less than 30 and a price-to-book ratio of under two. The company pays a quarterly distribution of \$0.37, which equates to a yield of over 2%.

#### **Methanex Corp. ([TSX:MX](#))(NASDAQ:MEOH)**

With a market share of the order of 14%, [Methanex is a global leader](#) in the methanol industry. The company has a strong international presence with its own fleet of tankers, a robust network of terminals, and geographically diversified production facilities.

Institutional ownership at Methanex sits at approximately 80%. The company trades at a price-to-earnings multiple of about 17 and a price-to-book ratio of around 3.7. Methanex pays a steadily growing quarterly dividend of US\$0.33 for an annualized yield of roughly 1.8%.

### **Conclusion**

Seeking stocks with above-average institutional ownership can be used as a strategy to mitigate risk. Of the stocks listed above, Methanex and Gildan have proven to be consistent outperformers, achieving five-year price appreciation of over 100% and over 60%, respectively.

Naturally, no single metric will predict the success of any given security, but institutional ownership can be an immensely useful metric to include when conducting preliminary research.

### **CATEGORY**

1. Investing
2. Stocks for Beginners

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NASDAQ:MEOH (Methanex Corporation)
2. NASDAQ:TRI (Thomson Reuters)
3. NYSE:GIL (Gildan Activewear Inc.)
4. NYSE:MAXR (Maxar Technologies)
5. NYSE:UA (Under Armour, Inc.)
6. TSX:GIL (Gildan Activewear Inc.)
7. TSX:MX (Methanex Corporation)
8. TSX:TRI (Thomson Reuters)

## PARTNER-FEEDS

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

## Category

1. Investing
2. Stocks for Beginners

## Tags

1. Editor's Choice

## Date

2025/06/30

## Date Created

2018/07/10

## Author

jwatkinsstrand

default watermark

default watermark