



2 Blue Chips With Higher Than Average Growth Rates

Description

A well-diversified portfolio is built on a foundation of reliable blue-chip companies. Blue-chips provide a level of stability in times of uncertainty. In the case of a market correction, they tend to outperform their industry peers.

These are mature companies that are often characterized by their single-digit growth profiles. I'll let you in on a little secret; they don't need to be. Here are two blue-chips with higher than average growth rates and a history of outperformance.

Canada's best bank

In Canada, you can't talk blue chips without talking about Canada's Big Five banks.

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) stands out above all else. Year-to-date (YTD), Toronto-Dominion has returned 2.6%, which is tops among its peers. This is almost 10 percentage points better than the group's laggard. Over a one-year period, it has a 17.3% return, which is more than double its closest peer. You get continued outperformance over two- and five-year periods.

The company has significant operations both sides of the border. As a result, it is well positioned to take advantage of rising interest rates. Rising rates are a boon to banks net interest margin (NIM). The NIM is a common metric used to evaluate and compare bank performance. The higher the NIM, the more effectively the bank is investing its funds in comparison to its expenses on the same investments. In general, rising interest rates have a positive impact on a bank's NIM.

Over the next few years, Toronto-Dominion is expected to grow earnings by 13%! This is impressive given the size of the bank. Likewise, its growth profile tops Canada's Big Five Banks.

Oh, and let's not forget that Toronto-Dominion owns Canada's best dividend growth rate! Without question, it's [Canada's best bank](#).

Canada's best energy company

At almost 20% of the TSX, the energy sector is the index's second largest sector by weight.

The most reliable of the group is **Suncor Energy Inc.** ([TSX:SU](#))([NYSE:SU](#)). Suncor is Canada's largest energy company by market capitalization. When compared against its five largest peers, Suncor's outperformance is staggering. The company's 44% 1-year return is almost double that of its closest peer. It also topped the group over a tough five-year period when the sector was in a downtrend. Suncor's five-year return is 27%, which is great considering it traded sideways for a number of years.

On the back of [higher oil prices](#), Suncor is expected to grow earnings by an annual compound growth rate of 23%! This is hardly our typical slow growing blue chip.

Suncor is also a Canadian Dividend Aristocrat, having raised dividends for 15 consecutive years. In March, the company raised dividends by a hefty 12.50%, which is far higher than its historical growth rates.

As experienced over the past number of years, the energy sector is highly cyclical and can see prolonged down trends. Best to build your foundation with Suncor, Canada's best energy company.

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2. Dividend Stocks
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2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:SU (Suncor Energy Inc.)
4. TSX:TD (The Toronto-Dominion Bank)

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