Is it Time to Take Profits in These 3 Stocks?

Description

This week promises a great deal of drama for Canadian investors, as trade talks heat up in Washington. Late last week, White House economic advisor Kevin Hassett said that the United States was “very, very close” to moving forward on a trade deal with Mexico that would not include Canada. Several sticking points remain for Canadian negotiators; the fate of supply management and auto content requirements are just two major factors.

As this shadow looms over the Canadian market, investors may want to consider taking profits in some equities. Today, we will look at three stocks that have thrived in recent months. Should investors head for the exits sooner rather than later? Let’s dive in.

ATS Automation (TSX:ATA)

ATS Automation is a Canada-based company that designs and builds customized automation systems and provides consulting services before and after installation. Shares of ATS Automation have climbed 53.6% in 2018 as of close on September 21. The stock is up 90% year over year.

The potential of automation is something I have written on extensively, and it is one of the reasons ATS Automation was one of my favourite targets to begin the year. ATS Automation released its fiscal 2019 first-quarter results on August 15. Revenues rose 14% year over year to $300 million, while order bookings rose 35% to $358 million. The period end backlog hit a record $789 million.

It is hard not to like ATS Automation going forward, but investors should take care not to burn themselves on this growth stock in the fall. Those who want to get in on this burgeoning market may want to wait on the sidelines for entry points in the coming months.

Thomson Reuters (TSX:TRI)(NYSE:TRI)

Thomson Reuters stock has climbed 8.4% over the past three months as of close on September 21. Shares are up 3.5% year over year. The stock received a significant boost following the release of its second-quarter results on August 8.

Revenues rose 2% year over year to $1.31 billion and diluted earnings per share soared 226% to $0.88 over $0.27 in Q2 2017. Diluted earnings surged on the back of its Financial & Risk (F&R) business. Thomson Reuters announced that its planned sale of a 55% interest in this business would close by the end of the fourth quarter. Revenues in its Legal and Tax & Accounting business both increased 3%.

The board of directors announced a quarterly dividend of $0.345 per share, representing a 3% dividend yield. Thomson Reuters has bounced back nicely from a spring slump. Income investors may want to hang on long term considering the company has delivered over two consecutive decades of dividend growth.

Sierra Wireless (TSX:SW)(NASDAQ:SWIR)

Sierra Wireless stock is up 25.8% over a three-month span as of close on September 21. The company released its second-quarter results on August 2. Revenue climbed 16.4% year over year to $201.9 million with Services and Other revenue surged 130%. It posted good growth in all three major segments, including 31.1% growth in Enterprise Solutions and 209.6% growth in IoT Services.

Sierra Wireless is still only up 1.5% year over year. Impressive earnings and a solid outlook may mean that the stock has room to run. It remains an attractive target for investors on the hunt for equities with growth potential in the latter months of 2018.

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