
Get Rich in 3-5 Years: Here Are 3 "Steady Earner" Stocks I'd Own From 2019 to 2024

## Description

Hello there, Fools. I'm back again to highlight three businesses that boast a high return on equity (ROE) — or, as I like to call them, my top "steady-earner" plays. As a reminder, I do this because high-ROE companies usually have two important features:

- a strong management team that emphasizes efficient use of shareholder capital; and
- a durable competitive position that keeps competitors at bay (and profits high).

If you want to build serious wealth over the next three to five years, you need to be sure you're investing in high quality. And while it isn't perfect, ROE remains one of the best ways we have to measure business quality.

Let's dig in.

# Pack it up

Kicking off our list is **CCL Industries** (TSX:CCL.B), which consistently posts a ROE in the low-20% range. Shares of the specialty packaging company are down 6% over the past year versus a loss of 14% for the **S&P/TSX Capped Consumer Discretionary Index**.

Concerns over the economy weighed on the stock in 2018, but CCL heads into 2019 on a strong note. In the most recent quarter, adjusted EPS increased 8.2%, sales grew 10.8%, and the operating margin expanded 50 basis points to 14.4%.

"The company has the financial strength to continue its growth initiatives and/or deploy its anticipated strong free cash flow to debt reduction," said President and CEO Geoffrey Martin.

With the stock still off more than 25% from its 52-week highs, now might be a good time to bet on that optimism.

## IT factor

Next up is **CGI Group** (TSX:GIB.A)(NYSE:GIB), which has a five-year average ROE of roughly 18%. Shares of the IT services specialist are up a solid 27% over the past year versus a gain of 13% for the **S&P/TSX Capped Information Technology Index**.

CGI also has plenty of momentum heading into 2019. For the full year 2018, earnings increased 9.9%, revenue grew 6%, and the operating cash flow margin clocked in at a solid 13%.

“Building on this momentum and as we look ahead to fiscal 2019, we are well positioned — strategically, operationally, and financially — to deliver EPS expansion, and remain an active consolidator in markets around the world,” said President and CEO George Schindler.

With a beta of just 0.7, along with a forward P/E in the mid-teens, CGI’s risk/reward trade-off is attractive.

## Super nova

With a consistent ROE in the mid-teens, **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS) rounds out our list. Shares of the banking giant are off 15% over the past year versus a loss of 11% for the **S&P/TSX Capped Financial Index**.



Scotiabank underperformed its peers in 2018, but business wasn’t exactly bad either. For the full year, Scotiabank still managed adjusted EPS growth of 8.7%, annual dividend growth of 8%, and positive operating leverage of 3%.

“Looking ahead in 2019, the bank is well positioned for growth across our key markets, particularly in the Pacific Alliance countries where we are seeing strong earnings momentum and a stronger economic environment,” said President and CEO Brian Porter.

When you combine that bullishness with a paltry forward P/E of 8.5 and juicy 4.8% dividend yield, Scotiabank might be too attractive to pass up.

## The bottom line

There you have it, Fools: three high-ROE, steady-earner stocks worth looking into.

As always, they aren’t formal recommendations. Instead, see them as a starting point for further research. Even high-ROE stocks can underperform if you don’t pay attention to the risks, so lots of due diligence is still required.

Fool on.

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2. NYSE:GIB (CGI Group Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:CCL.B (CCL Industries)
5. TSX:GIB.A (CGI)

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