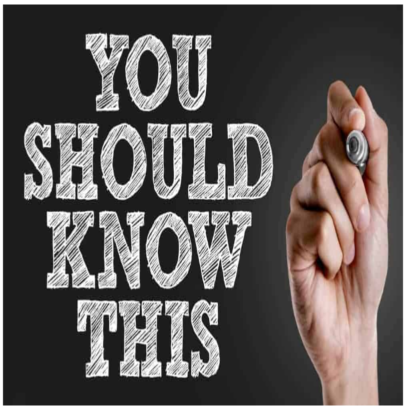

Long-Term Investors: These 3 Healthy Stocks May Surprise You

Description

When investors think of defensive areas, the worlds of air conditioning, geothermal energy, and the auto parts industry may not be the first sectors that spring to mind. However, the following companies belong to these precisely these areas,and yet are currently showing some of the best all-round stats for any stocks currently trading on the TSX index.

Questor Technology (TSX:QST)

A capital gains investor has a decent, debt-free all-rounder here; Questor Technology saw 90-day returns of 57.3%. Not only does this clean-air solutions company come with some geographical diversification, but it's also one for quality investors: from a future three-year ROE of 31.9% to a decent one-year growth in earnings of 119.1%, Questor Technology has it where it counts.

While a P/E of 17.5 times earnings is perfectly acceptable, five-year average past earnings growth of 14.5%, a P/B ratio of 4.7 times book suggests overvaluation. However, that track record is solid, dovetailing as it does with a past-year ROE of 27%, while a 35.3% expected uptick in earnings says that good things are on the way.

Exco Technologies (TSX:XTC)

Dies, molds, parts, and equipment producers for the metal and auto industries, Exco Technologies stock is attractively valued at the moment, with a P/E of 11 times earnings and P/B of 1.2 times book. But what's worrisome is that Exco Technologies insiders have only sold shares over the course of the last three months, which is a red flag for any long-term investor taking their cue from investor confidence.

However, there are a few reasons for newcomers to take another look at this otherwise popular auto stock: a dividend yield of 3.69% break the 3% threshold, while a 21.3% expected annual growth in earnings suggests that this is an investment worth keeping for the mid-term; meanwhile, a five-year average past earnings growth of 7% is at least positive, while a low debt level of 8.1% of net worth should satisfy the strictly risk-averse.

Polaris Infrastructure (TSX:PIF)

A high dividend yield of 7.43% backed up by a 26% expected annual growth in earnings, makes Polaris Infrastructure one of the most desirable renewable energy stocks on the TSX index. With its focus on geothermal projects across Latin America, it comes with a bit of built-in geographical diversification that could help strengthen a Canada-centric investment portfolio.

Trading at almost a fifth of its future cash flow value at writing, this stock isn't just rich in passive income, it's undervalued, too. With low multiples (a P/E of 10.5 times earnings and P/B of 0.6 times book) and a great track record (check out that year-on-year earnings growth of 629.4%), it's a stock to stick on your wish list.

The bottom line

Small cap gem Polaris Infrastructure is one of the best all-rounders on the TSX index at the moment, though while it's returned 21% in the last 90 days, its deep undervaluation may be something of a concern. Additionally, quality investors will have to weigh a five-year average past earnings growth of 56.8% against high debt at 94.3% of net worth. In the meantime, auto-related stock Exco Technologies is doing well in a challenging environment, and seems a stock worth adding to a portfolio lacking metal industry exposure.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:PIF (Polaris Renewable Energy)
2. TSX:XTC (Exco Technologies Limited)
3. TSXV:QST (Questor Technology Inc.)

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