Alert: 3 Great Stocks to Buy in April

Description

Each month I like to highlight certain stocks that are both primed for a short-term pop, yet also have everything needed for long-term success.

For instance, last month I profiled **Village Farms**, a marijuana stock with all sorts of short-term momentum and long-term potential. Village Farms shares are up 34% in the last month.

Let's take a closer look at 3 stocks that are poised to have a nice April. Perhaps even as successful as Village Farms last month.

Genworth

Genworth MI Canada Inc. (TSX:MIC), Canada's only privately-owned mortgage default insurer, is a cheap company operating a wonderful business. Don't listen to the naysayers calling for a housing market crash; Genworth is well positioned to weather any storm.

The company just released 2018's earnings, and although results were somewhat under expectations, it just goes to show what a terrific business mortgage default insurance is. Genworth generated $452 million — or just under $5 per share — in net earnings, while collecting $680 million in premiums and an additional $186 million from investments.

Despite those net margins, Genworth shares trade a little under book value and at a mere 8.1 times trailing earnings. Investors are worried about a large scale housing decline hitting Genworth's bottom line, and more recently, folks are spooked about mortgage insurers taking an equity share in housing for first-time home buyers. These fears are creating a great buying opportunity.

Oh, and Genworth pays a succulent 4.8% dividend, a payout easily covered by earnings. It has raised the payout each year it has been publicly traded.

Transcontinental

Like Genworth, large-scale printer **Transcontinental Inc.** (TSX:TCL.A) is a solid long-term investment that is experiencing a little short-term weakness. This makes April the perfect month to load up.

The company made a transformational acquisition back in June, 2018, which allowed it to instantly become a major player in the flexible packaging sector. Essentially, with the acquisition, Transcontinental went from mostly printing flyers and newspapers to handling the packaging for all sorts of consumer goods.

There's just one problem. The company has posted less than stellar results since the deal closed. In its most recent quarter, Transcontinental saw revenues increase by approximately 50%, while operating earnings fell 56%. Even after making certain adjustments, operating income was only up 8% versus the same quarter last year. Investors were promised much better results.

Still, management remains bullish, telling investors the company remains committed to increasing margins and using that cash flow to pay down the debt incurred by the acquisition. And the board of directors felt confident enough to raise the annual dividend to $0.88 per share, which is good enough for a 5.3% yield.

Dollarama

I'm confident that investors will begin to buy **Dollarama Inc.** (TSX:DOL) shares again after solid quarterly results indicated the dollar store sector still has plenty of growth left.

The company managed to increase the bottom line by more than 12% during its most recent quarter, with revenue up 13%. It opened 35 stores in the quarter and 66 for the year, bumping the total number of stores to 1,225. Same-store sales, a key metric in the retail world, were up 2.7% for the year, with management forecasting up to 3.5% growth in same-store sales next year.

In short, Dollarama did exactly what it needed to do. It delivered a solid quarter of growth on both the top and bottom lines, sending a message to investors this growth story isn't over yet. And remember, once the company saturates Canada it can focus its attention to Dollar City, a Central American dollar store chain it has the option to acquire in 2020.

Investors are paying just 16.4 times forward earnings expectations for Dollarama shares today, making them a terrific bargain if the company can deliver on its intended growth targets.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. TSX:DOL (Dollarama Inc.)
2. TSX:TCL.A (Transcontinental Inc.)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Investing

Date
2025/09/10
Date Created
2019/04/01
Author
nelsonpsmith