This Weekend's Food Stock Shopping List for Hungry Investors

Description

Consumer staples are one of the most secure areas of investment, though finding the right tickers can be tricky. The following three stocks represent a way to spread the risk by investing in food at source, rather than stacking shares in retailers or name brands. From potash mining to dairy, let's take a look at three distinct ways to invest in food on the TSX index.

SunOpta (TSX:SOY)

Slightly overvalued at the moment, but with some decent growth potential and significant recent inside buying, SunOpta should be on any food stock wish list. With its focus on non-GMO, organic ingredients, SunOpta is one of those niche TSX index stocks that has a growing market. Up 4.99% in the last five days and with a 108.1% expected annual growth in earnings on the way over the next one to three years, this foodie is an analyst favourite.

It has the potential to reward quickly, too, with 30-day returns of 26.8% that easily outperformed both the Canadian food industry and the market. Its 17.6% past-year earnings growth shows that amends are starting to be made for a negative five-year average earnings track record, though its leap from 55.8% to 238.9% debt to net worth over the same period suggests a rough period that is hopefully be coming to an end.

Saputo (TSX:SAP)

This stock jumped at the start of February, and with one-year returns of 16.1% that beat the industry and the TSX index, it's looking like a stock to get behind. While it's not great value (see a P/E of 23.3 times earnings and P/B of 3.3 times book), that's to be expected with an outperforming ticker. Though an 8.6% expected annual growth in earnings is on the low side, its dividend yield of 1.44% and defensive nature may make it worth the outlay.

A so-so balance sheet and negative past-year earnings track record would be the main drawbacks here, though an average 9.5% rise over the last five years shows a generally positive trend, while

Saputo insiders have been buying more than they've been selling of late, thereby increasing the overall confidence rating of this stock.

Nutrien (TSX:NTR)(NYSE:NTR)

A rare gem of the TSX index, Nutrien ticks several boxes at once, which is certainly no bad thing for a solidly defensive ticker: Not only is a front-running agri materials stock, but it's also a mining stock; additionally, given its global reach, stacking shares will bring ready geographical diversification to a portfolio.

Up 3.64% in the last five days, Nutrien remains a popular choice among investors, and with a dividend yield of 3.23% and 37% expected annual growth in earnings, there's a lot to recommend it. Trading with a P/B ratio of 1.3 times book and at a discount of 10% off its future cash flow value, Nutrien is also reasonably priced.

The bottom line

Investing in food stocks, and especially on stocks in the food materials industry, is a smart move when adding defensive qualities to a TSX index portfolio. Investors looking to minimize risk, diversify an oil- or financials-heavy basket of stocks can do so by adding the above tickers, while stock like Nutrien can help to beef up a portfolio ahead of a potential market downturn.

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1. NYSE:NTR (Nutrien)
2. TSX:NTR (Nutrien)
3. TSX:SAP (Saputo Inc.)
4. TSX:SOY (SunOpta Inc.)

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