



Material World: 5 “Tangible” Stocks to Buy for the Upside

Description

Methanol, potash, wood, gold, and copper — they may seem unrelated at a glance, but these are five of the best materials to get invested in for capital gains, plus some tasty dividends.

West Fraser Timber (TSX:WFT)

Up 1.5% in the last five days at the time of writing, West Fraser Timber continues to impress with solid stats: from a strong track record typified by one- and five-year past earnings-growth rates of 35.9% and 29.5% to a past-year ROE of 28% signifying high quality, it's a sturdy investment.

With debt levels within the “safety zone” at 26% of net worth, and considerable recent inside buying, West Fraser is attractively valued with a P/E of 6.2 times earnings and P/B of 1.6 times book. A projected drop in earnings of almost 30% counts this out as a growth investment, though investors bullish on forestry products may want to seize the value opportunity while it still presents itself.

Methanex ([TSX:MX](#))([NASDAQ:MEOH](#))

One-year past earnings growth of 80% makes up for a negative five-year average past earnings-growth rate in this potentially undervalued stock. Selling at a 41% discount off its future cash flow value with a P/E of 8.2 times earnings, [Methanex](#) may not be for the risk averse: its level of debt compared to net worth has increased over the past five years from 62.7% to 91.6% today, though it's well covered by operating cash flow.

Kirkland Lake Gold (TSX:KL)(NYSE:KL)

Returns of 97% over the past year put Kirkland Lake Gold way ahead of the pack, while a one-year past earnings-growth rate of 74.1% and past-year ROE of 22% signify a high-performance ticker. A reduced level of debt, now sitting at just 1.8% of net worth, makes Kirkland Lake Gold the precious metal miner to stack shares in if flawless balance sheets are your thing.

Lundin Mining ([TSX:LUN](#))

Arguably the healthiest miner to stack shares in if you're interested in the likes of copper, nickel, and zinc, this popular TSX index ticker carries low debt at 0.3% of net worth, making for a lower-risk play, while a P/E of 21.5 times earnings and P/B of 1.1 times book show decent value. A dividend yield of 1.55% makes for a strong buy, especially when factored in with a 23.9% expected annual growth in earnings and a hungry acquisitions style.

Nutrien ([TSX:NTR](#))([NYSE:NTR](#))

Sometimes discounted as a stock with so-so balance sheet and some moderate potential for growth ahead of it, there is more to [Nutrien](#) than meets the eye. For starters, 21.3% returns on the year beat the Canadian chemicals industry for the same 12-month period, which itself returned 13.9%. Additionally, a decent P/B of 1.3 times book, handsome dividend yield of 3.18%, and significantly high 37% expected annual growth in earnings add up to a solid long-term investment.

The bottom line

From Methanex to a range of materials stocks, these tickers could reward with serious capital gains. West Fraser Timber pays a dividend yield of 1.19%, making for a solid buy if one can look past a negative earnings outlook, while Kirkland Lake Gold's dividend yield of 0.38% matched with an 11.5% expected annual growth in earnings shows better prospects for growth.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
4. Stocks for Beginners

TICKERS GLOBAL

1. NASDAQ:MEOH (Methanex Corporation)
2. NYSE:NTR (Nutrien)
3. TSX:LUN (Lundin Mining Corporation)
4. TSX:MX (Methanex Corporation)
5. TSX:NTR (Nutrien)
6. TSX:WFG (West Fraser Timber Co. Ltd.)

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Author

vhetherington

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