



## Canada Revenue Agency: A Tax-Conscious Stock to Buy

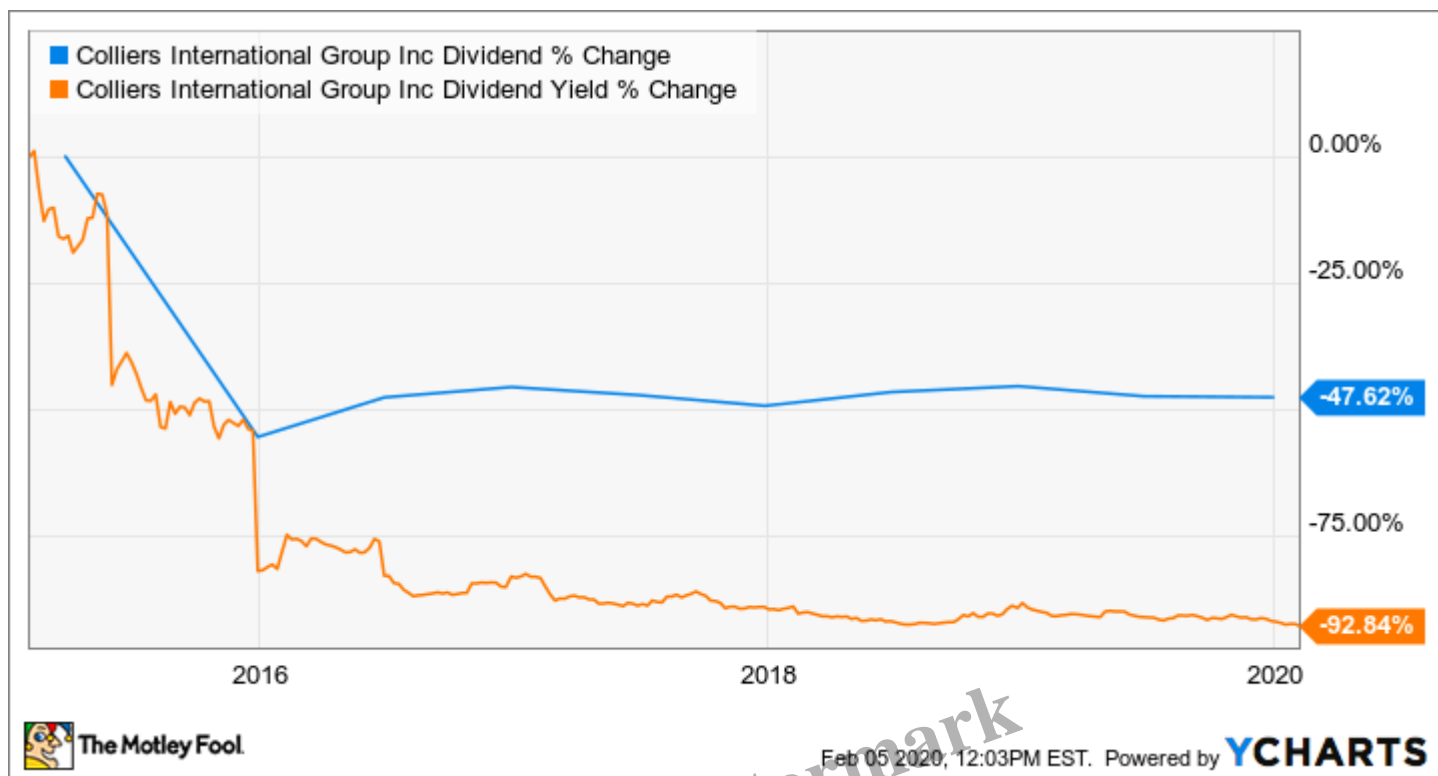
### Description

**Colliers International Group** ([TSX:CIGI](#))([NASDAQ:CIGI](#)) is the perfect dividend stock for any Canada Revenue Agency tax-preferred investment account like the Tax-Free Savings Account (TFSA) or Registered Retirement Savings Plan (RRSP). The dividend yield of 0.118% may not be much, but both the long- and short-term capital gains more than compensate for the low shareholder cash compensation.

Investors tend to prefer capital gains anyhow due to [certain tax benefits](#). Unqualified dividends are taxable as income while the *realized* capital gains tax rate is usually lower, depending on the tax jurisdiction and the type of investment account. Colliers International's board members and shareholders must prefer capital gains to dividends.

### Dividend yield changes along with capital gains

In the past few years, the dividend-payout rate has decreased, but the stock price has soared. The rise in the stock price weighed more heavily on the dividend yield, which declined by over 90% in the past few years. That's pretty good news for shareholders, because it means they are holding unrealized (tax-deferred) capital gains in their retirement accounts.



## Buying opportunities on the Collier's stock chart

Over the past year, the stock price has dipped below the performance of the overall **S&P/TSX Composite Index** level percentage change. These temporary falls in price represent buying opportunities. The stock price tends to rebound quickly at each trough. Every Canadian should keep an eye on Colliers International Group and take advantage of these price declines by buying up shares at a discount.



Colliers International's stock price is heavily influenced by global federal reserve interest rate policies, hence the substantial volatility last year compared to the index. The Canadian overnight rate target has remained steady for the past year at 1.75%. Nonetheless, the United States Federal Reserve contributed to substantial changes in interest rate expectations with continued easy monetary policy to offset trade war concerns.

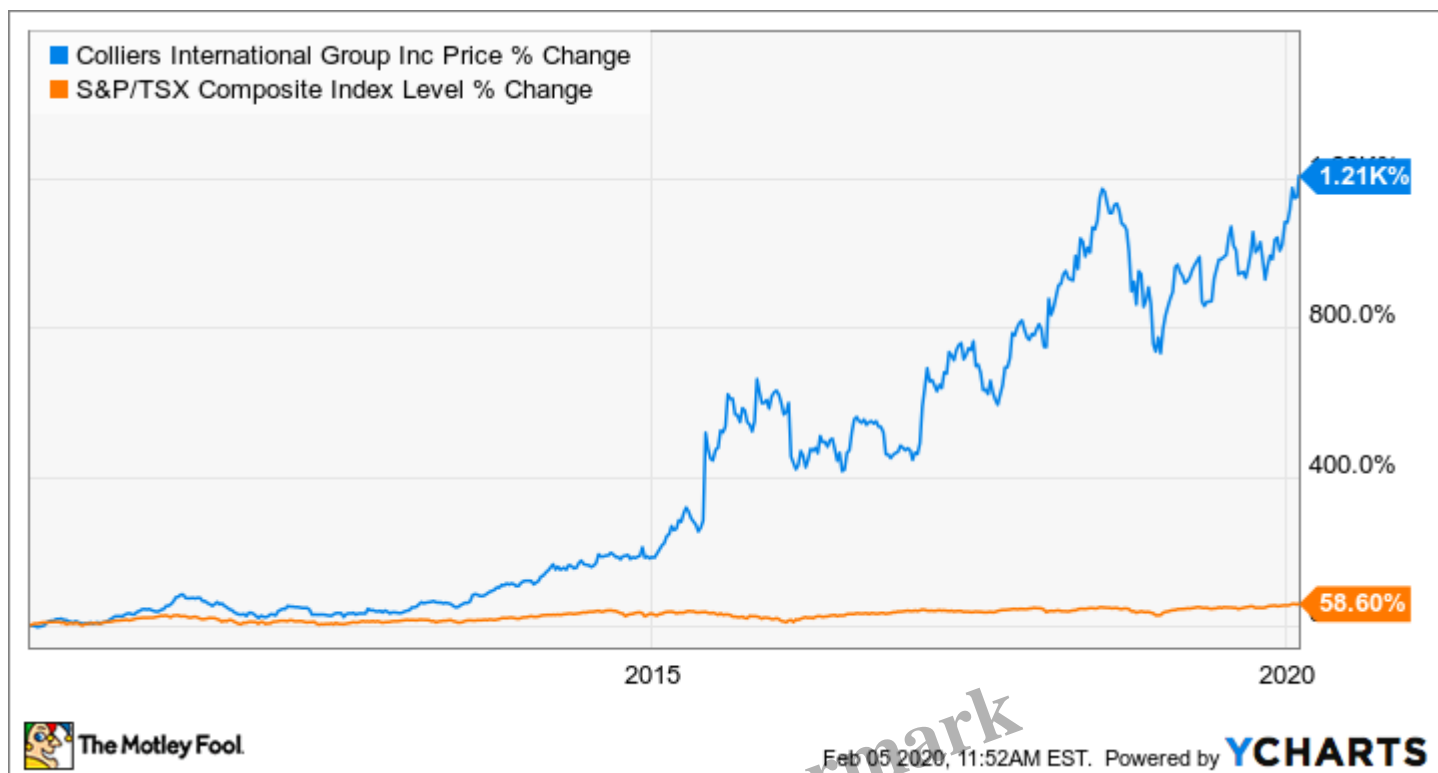
## Buy real estate stocks on falling interest rates

Overall, falling to stable effective interest rates in Canada likely contributed to the primarily bullish activity in Colliers International stock on the TSX last year.

The weekly effective household interest rate in Canada has decreased from 3.99% for the week of February 8, 2019, to 3.73% as of January 31, 2020. During the same period, the business rate has gone from 3.7% to 3.41%. The mortgage rate has been more steady over this period, increasing to 2.9% in June 2019 from 2.79% in February 2019 and remaining mostly stable since then.

Canadian investors in real estate stocks can expect similar activity throughout 2020 as long as effective interest rates remain low. If the interest rate starts rising, real estate activity may slow — and ultimately harm Colliers. In that case, the stock is still a great asset to *hold* in your retirement portfolio for the next 10 years.

## 40% insider stock ownership = alpha-level returns



Colliers International is an international real estate investment and consultancy firm with a presence in nearly 70 countries. The leadership team owns more than 40% of the business equity. Stocks with high insider equity ownership will normally perform well on the exchange due to greater incentives to reward shareholders.

In the last 10 years, the share price of [Colliers International Group](#) has consistently outperformed the S&P/TSX Composite Index. The price percentage change of Colliers International is 1,200% during this time, whereas the index level percentage change is only 58.6%. TFSA and RRSP investors want to buy stock in 10-year consistent outperformers on the TSX like Colliers.

## CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

## TICKERS GLOBAL

1. TSX:CIGI (Colliers International Group)

## PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

**Category**

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

**Date**

2025/08/18

**Date Created**

2020/02/05

**Author**

debraray

default watermark

default watermark