



2 Canadian Stocks Loaded With Cash

Description

Every business has a different relationship with cash. Some have healthy cash flows, that is, more money is coming in consistently, and less is going out in expenses. Some rely on rotating debt to fund their day-to-day operations and manage those debts with seasonally replenished cash reserves.

How a business deals with, earns, and spends cash relies quite heavily on its business model, but the health of cash flow also relies upon several macro market elements. For example, even the healthiest and most cash-stable food and hospitality businesses saw a massive drop in positive cash flow during the pandemic, while other businesses saw an unnatural boost in cash influx as demand for their products surged during the pandemic.

Investors *should* look into the company's financials and cash flows to determine how financially sound a holding they would make in investors' portfolios. But even if a stock is supposedly "loaded" with cash, if it's not helping an investor produce a decent amount of cash (through growth or dividends), then its strong cash profile is not an attractive enough feature.

Here are two (out of several) Canadian stocks that are not just cash-healthy but might be loaded with cash for investors as well.

A growth stock

Champion Iron ([TSX:CIA](#)) is a Canadian stock of [Australian origins](#). While it's not a growth stock in the most conventional sense, the stock is certainly capable of powerful growth (when the market conditions are right). If you had bought into the company exactly five years ago, you would have grown your initial capital by over 1,400% by now.

The company grew almost 440% between its market crash valuation and its post-pandemic peak. It has come down a long way from the recent peak (42%), and the downward slope might continue until it reaches a point where it would have been if it were not for the pandemic. The stock would offer great cash-grab potential then. You can buy and hold on to it till the next surge and cash out on the top.

It's also loaded with cash in another sense. The company currently has a cash (and short-term investment) position that's twice the size of the total debt the company carries.

A dividend-growth stock

Sun Life Financial ([TSX:SLF](#))([NYSE:SLF](#)) is loaded with cash for [its investors](#) in two ways. It offers a modest dividend yield of 3%, but as a Dividend Aristocrat that has grown its payouts for six consecutive years, it also offers dividend growth potential (for the foreseeable future). The cash you get from the company in the form of dividends will likely become heavier each year. And even if the growth isn't substantial, it might still help you stay ahead of inflation.

But the company also offers decent capital appreciation potential. And unlike Champion Iron, the growth that Sun Life stock promises are a bit more predictable and consistent. The company has an impressive international presence. It has established stable businesses in at least 12 countries (mostly under a country-specific brand name). The product portfolio is also quite diversified and ranges from insurance to asset management.

Foolish takeaway

The growth potential of both stocks is quite different. With Champion iron, the best advice would be to buy low and sell when the stock spikes (enters a [bullish phase](#)). Triggers like an iron supply crunch or a massive supply contract the company manages to land can send it shooting upwards. But when it comes to Sun Life, it would be better to buy and hold long-term to take maximum advantage of both dividends and its slow but consistent growth potential.

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