Three stock picks from GlobeInvest's Christine Poole amid a volatile week in the markets

BRENDA BOUW

PUBLISHED JULY 21, 2021
SPECIAL TO THE GLOBE AND MAIL

Christine Poole believes an economic rebound is still under way.
STEVEN SENNE/THE ASSOCIATED PRESS

While the rapid spread of the Delta coronavirus variant has led to a spike in market volatility in recent days, longer-term investors would be wise to stay the course, according to money manager Christine Poole.

"Delta variant concerns could lead to a slower reopening recovery; however the risk of another full lockdown remains low," said Ms. Poole, chief executive officer and managing director at Toronto-based GlobeInvest Capital Management Inc., which oversees about $255-million in assets.

Markets experienced a severe setback on Monday as investors worried whether the global economic recovery is stumbling, but then bounced back on Tuesday, with further gains on Wednesday, as fears appeared to ease.

Ms. Poole believes an economic rebound is still under way. "Hopefully, rising cases overcome vaccine hesitancy and fully vaccinated rates increase, especially in regions like the United States where vaccine supply is abundant. The stocks we are buying should outperform their peers regardless."

Some of the sectors she favours include select financials, consumer discretionary and materials. Here are three of her picks in each sector:

JPMorgan Chase & Co (JPM-N (/investing/markets/stocks/JPM-N/) -0.32%)

JPMorgan is the largest U.S. bank and GlobeInvest's only U.S. bank holding at this time. It's a stock she continues to add to client portfolios.

"It has long been our top pick among U.S. banks," she said, citing strong management led by chairman and CEO Jamie Dimon and a strong balance sheet and a solid track record of producing returns for investors.

The bank said last month that it intends to increase its quarterly dividend to US$1 a share, up from 90 US cents, for the third quarter of 2021. It also has a decent yield of about 2.5 per cent.

"It's not as high as the Canadian banks, but it's still an attractive income yield, especially in today's interest rate environment," she says.

The stock, currently trading at about US$153, is up 53.8 per cent over the past year as of Wednesday's close. It hit a record US$167.44 on June 2.

"We think this bank will outperform its peers in any economic environment," Ms. Poole said.

Walt Disney Co. (DIS-N (/investing/markets/stocks/DIS-N/) -0.84%)

Ms. Poole's firm has held Disney stock for clients for many years and continues to add the name today. Like many investors, she's been impressed with the growth of its Disney+ streaming service launched in late 2019.

The timing turned out to be good, just ahead of the pandemic lockdowns, and Disney quickly surpassed its initial subscription targets. Disney+ said it has 103.6 million paid subscribers at the end of its second quarter, which compared with 33.5 million a year earlier. It expects to see between 230 million to 260 million subscribers by 2024.

The stock is relatively flat year-to-date, Ms. Poole notes, with some investors questioning whether the success with Disney+ was because it was seen as a pandemic play, or will be sustainable longer-term.

"I think it's a bit of both," Ms. Poole said.

"I think there's a lot of growth in its streaming platforms," which also include ESPN Plus, Hulu and Disney+ Hotstar. "The growth rate will probably be more moderate, but I think it will still continue to grow."

The company's resorts and theme parks have been slowly reopening, which should also help the company's boost profits in the near term.

The stock is up about 49 per cent over the past year and closed Wednesday at US$176.89. The stock hit a record high of US$203.02 on March 8.

Linde PLC (LIN-N (/investing/markets/stocks/LIN-N/) +0.67%)

U.K.-based Linde is the world's largest industrial gas company with about a 30-per-cent market share. Some of its products include oxygen, nitrogen, carbon dioxide, hydrogen, helium and specialty gases that serve a range of industries such as health care, manufacturing, food and beverage, aerospace and electronics.

Ms. Poole said her firm first bought the stock in February at about US$250 a share and continues to buy it for clients. The stock closed Wednesday at US$294.20, just shy of its record high of US$305.71 on June 1.

"It was always on my radar and we felt it was an opportune time to buy," she says.

She likes the company's large market share and its presence across a wide range of industries and geographies including North and South America, Europe, the Middle East, Africa, and the Asia-Pacific.

"We also like that it has been around for a long time, so it has strong customer relationships," she says. Linde also said that about 40 per cent of its revenues are economically resilient because they're tied to long-term contracts.

Ms. Poole expects Linde to benefit from the overall economic recovery, but particularly in areas such as health care, electronics and clean energy.

For instance, she notes that health care is one of the leading and fastest-growing end markets for industrial gases, including nitrogen to preserve blood and tissue, liquid helium for magnetic resonance imaging (MRI), as well as oxygen and other respiratory gases for breathing.

"I like the company because it will participate in an economic recovery, but if growth turns out to be slower or softer, I think the company will still be able to grow its earnings by double digits," she said.

Be smart with your money. Get the latest investing insights delivered right to your inbox three times a week, with the Globe Investor newsletter. Sign up today.