3 Top Blue-Chip Stocks in the TSX Index

Description

Hi there, Fools. I'm back once again to bring three attractive large-cap stocks to your attention. As a quick reminder, I do this mainly for conservative investors because large-cap stocks

- provide the stability and peace of mind that only come from massive "blue chip" corporations; and
- usually deliver substantial dividend income year after year.

As long as you don't expect to get rich overnight, large-cap stocks are ideal for building slow and steady wealth over the long haul.

So, without further ado, let's get to this week's list.

Clear as a bell

Kicking things off is **BCE** (TSX:BCE)(NYSE:BCE), which currently sports a market cap of about $49 billion. Year to date, shares of the telecom giant are down 10% versus a loss of 2% for the **S&P/TSX Capped Telecom Services Index**.

2018 hasn't been great for BCE, but things are looking up. The stock has rallied over the past week, fueled by strong Q3 results. Adjusted EPS of $0.96 topped estimates by $0.03, while operating revenue increased to $5.9 billion. More importantly, it added 178,000 wireless subscribers during the quarter — a Q3 record for BCE.

With a dividend yield of nearly 6% and beta of 0.5 — 50% less volatility than the market — BCE's downside looks limited.

Cheesy investment

Next up, we have **Saputo** (TSX:SAP), which has a market cap of $15 billion. Shares of the dairy king are down 14% year to date, while the **S&P/TSX Capped Consumer Staples Index** is off 2% over the same time period.

Trade uncertainty has weighed heavily on the company, but like BCE, optimism is starting to spring. The stock has rebounded steadily over the past week, as investors slowly digest Suputo's not-so-horrible mixed Q2 results. While earnings dropped 12% during the quarter, revenue still managed to grow 19% to $3.42 billion.

Saputo also remains a cash cow, having generated $592 million in free cash flow over the past year. Currently, the stock sports a reasonable P/E of 20.

On the right track

With a market cap of $82 billion, **Canadian National Railway** (TSX:CNR)(NYSE:CNI) rounds out this week's list. Over the past six months, shares of the railway giant are up 11% versus a gain of 1.5% for the **S&P/TSX Capped Industrials Index**.

CN continues to benefit from record traffic in crude shipments. In its recent Q3 results, EPS of $1.54 smoked analyst estimates by $0.07, as revenue climbed 14.6% to $3.7 billion. Moreover, CN reaffirmed its full-year adjusted EPS outlook of $5.30-5.45.

Due to that strength, management also approved a new buyback plan of 5.5 million shares.

With a forward P/E in the high teens and beta of 0.8 — 20% less volatility than the market — CN's risk/reward trade-off still looks very attractive.

The bottom line

There you have it, Fools: three large-cap stocks that can help you get rich slowly.

They aren't formal recommendations, but rather suggestions for further research. Even large-cap stocks can fall sharply (especially during a market correction), so always make sure to do your homework.

Fool on.

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2. NYSE:CNI (Canadian National Railway Company)
3. TSX:BCE (BCE Inc.)

4. TSX:CNR (Canadian National Railway Company)
5. TSX:SAP (Saputo Inc.)

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