



## Sell “Exciting” Shopify Inc. (TSX:SHOP) in Favour of “Boring” TransCanada Corp. (TSX:TRP)

### Description

After a record start to the year for the **S&P/TSX Composite Index** (TSX:^OSPTX), up 6.5% year-to-date, the market feels a bit more upbeat than at the end of last year.

But caution is still warranted.

High debt levels, slowing economic growth, and rising [interest rates](#) all still present as risks to the stock market and stock prices. So in preparation for more shocks to come during the year, I recommend positioning our portfolios defensively, as defensive wins the day in difficult times.

That means we should stay away from the unpredictable high growth and highly valued stocks in favour of the more predictable, steady, attractively valued stocks. In other words, the “boring” stocks.

“Boring” stocks like **TransCanada Corp.** ([TSX:TRP](#))([NYSE:TRP](#)).

For more than 65 years, TransCanada has been developing and maintaining energy infrastructure, while handsomely rewarding shareholders.

With a current [dividend yield](#) of 5%, it's hard to find a safer income stream at these levels than this.

In the last 10 years, TransCanada stock has provided shareholders with an over 60% return, while delivering yearly dividend increases, which brought the dividend per share from \$1.52 to \$2.76.

Recently, TransCanada stock has rallied 14% from its December 2018 lows.

TransCanada has above average, visible growth and an infrastructure presence that should ensure strong growth well into the future. Investors can expect continued dividend growth of 8% to 10% through to 2021, making the stock an attractive option for investors.

Doesn't sound so boring now, right?

Now on to the more exciting **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)).

While Shopify stock is up big from its December lows, up 31% to be precise, it's a highly valued stock that lacks real visibility. As a reflection of this uncertainty and lack of visibility, we can look at the wide range of analyst estimates for the next two years.

If the high end materializes, the stock is already factoring this and more in the price, so no big deal.

But if the low end materializes, the stock will get bludgeoned for obvious reasons.

And while shareholders have done phenomenally well owning this stock in the past, I wonder if the future will look very different.

Valuation is really out of whack with fundamentals, the market is at risk, and investors may increasingly opt in favour of the more predictable, steady stocks as the year progresses.

I think you will see that while Shopify is definitely in a business of the future, fundamentals really need to play catch up to the stock price, as Shopify stock has benefitted from investor expectations and excitement over and above fundamentals.

## CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing
4. Tech Stocks

## TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:SHOP (Shopify Inc.)
4. TSX:TRP (TC Energy Corporation)

## PARTNER-FEEDS

1. Msn
2. Newscred
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