



3 Top Canadian Stocks to Buy With \$3,000

Description

As the markets do their best to rebound from March lows, there still exists a considerable level of volatility. This has led certain investors to freeze. Even Warren Buffett is stuck in neutral, as he tries to make sense of the current environment. There remains, however, several top Canadian stocks that are worthy of your attention.

All three mentioned below are attractively valued and should provide investors with stable returns regardless of market activity. With \$3,000 in hand, one could comfortably deploy \$1,000 into each of these top Canadian stocks.

A top Canadian tech stock

The technology industry is proving to be one of the most resilient during the recent pandemic. The S&P/TSX Capped Technology Index is up by 27% year to date, far outpacing the S&P/TSX Composite Index's 14% loss.

Arguably, the tech stock that offers the most value is **Open Text**. The company is down 5% year to date, trailing its peers. This, however, has created an attractive buying opportunity for investors.

Open Text is trading at only 14.5 forward earnings, 2.72 times book value, and 3.62 times sales. In comparison, the software industry has forward P/E, P/B, and P/S ratios of 45.35, 7.08, and 3.66, respectively.

This top Canadian stock is also trading at a 17% discount to historical averages. It is also the lone company in the industry to be trading at such a high discount (in the double digits).

The largest bank

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is Canada's largest and the best-performing bank in 2020. A function of its status as one of the most reliable, Royal Bank has consistently been among the top-performing banks in Canada.

Year to date, the company is down by 19% and is proving to be the [most resilient](#). On average, the Big Five are down by 28% this year. Trading at 9.97 times earnings, it is the cheapest Royal Bank stock has been since the 2008 Financial Crisis.

In the decade that followed the Financial Crisis, it was a top-performing bank. In the next decade, it is likely that Royal Bank will once again be among the industry leaders. Locking in a 5.08% yield in this top Canadian stock is a rare opportunity.

As companies are [cutting dividends](#) at a rapid pace, RBC shareholders can rest easy. The bank has paid out dividends every year since 1870. It did not cut the dividend during the Financial crisis, and it is unlikely a cut is on the horizon this time around.

A leading utility

When it comes to safe places to park your cash, one of the least volatile is the utility industry. There, you will find **Fortis** ([TSX:FTS](#))([NYSE:FTS](#)), which is among the most TSX Index's most reliable utility companies.

Quite simply, Fortis is one of the best-managed Canadian stocks. At 46 years and counting, it owns the second-longest dividend-growth streak in the country — a streak that is expected to reach 50 years by 2024. In fact, the company is targeting 6% annual dividend growth over this period.

Are you worried about the safety of the dividend? Don't be. The dividend is underpinned by earnings, of which 99% originate from regulated utilities. This leads to stable and measurable cash flows, even during times of uncertainty.

The current environment of record-low interest rates is also a boon for this top Canadian stock. Since utilities have significant capital requirements, lower rates mean it will cost them less to borrow — a positive catalyst for the bottom line. Fortis is one of the safest places to build wealth and protect against considerable volatility.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Investing
5. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:FTS (Fortis Inc.)
4. TSX:RY (Royal Bank of Canada)

PARTNER-FEEDS

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

Category

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Investing
5. Tech Stocks

Tags

1. Editor's Choice

Date

2025/07/23

Date Created

2020/05/20

Author

mlitalien

default watermark

default watermark