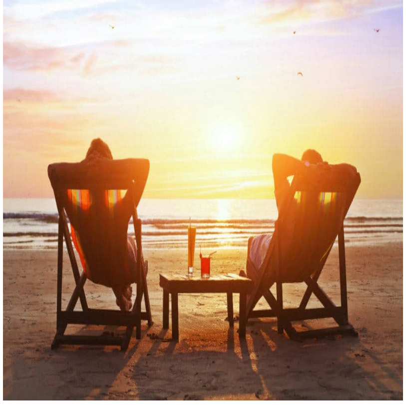

How I'd Invest $20,000 on the TSX in June

**Description**

The **S&P/TSX Composite Index** surged passed the 15,500-point mark in the middle of the first week of June. Canadian stocks have continued to build momentum after a brutal start to the spring. Investors have bet on a post-coronavirus economic rebound, which has led to soaring valuations. Today, I want to discuss how investors can spend $20,000 on the Canadian market to start this month.



Unfortunately, the Canadian markets are not offering the kind of discounts we saw in March and early April. However, there are still some fantastic opportunities for those who know where to look. Let's dive in.

## TSX investing: Look for value

Legendary investor Warren Buffett has played a big role in popularizing value investing. This strategy involves buying securities that are underpriced according to fundamental analysis. TSX investors should target equities that are trading for less than their intrinsic value.

**Canadian Western Bank** (TSX:CWB) is a regional bank stock worth your attention in June. In our hypothetical, we would use roughly $5,000 to purchase 196 shares going by Canadian Western's June 3rd closing price of $25.40. Shares of Canadian Western have dropped 19% in 2020 so far, but the stock is up 20% month over month.

Like its peers, Canadian Western was forced to beef up its provisions for loan losses in a challenging second quarter. However, the stock still boasts an excellent balance sheet. The stock last possessed a very favourable price-to-earnings (P/E) ratio of 8.4 and a price-to-book (P/B) value of 0.8. Moreover, Canadian Western offers a quarterly dividend of $0.29 per share. This represents a 4.5% yield. The bank has delivered dividend growth for over 25 consecutive years.

**Suncor** is a TSX energy heavyweight worth targeting in June. The stock last possessed a favourable P/B value of one. Suncor recently dropped its quarterly dividend to $0.21 per share, representing a 3.3% yield. Using our $5,000, a purchase of 197 shares of Suncor would net us over $40 in quarterly dividend income.

## Target stocks with long-term potential

Investors should always look for stocks that will benefit from long-term trends. There is a monumental demographic shift underway in the developed world. According to Statistics Canada, seniors will grow to make up roughly a quarter of the population by 2030. Below are two stocks that are set to experience growth due to aging demographics.

**Park Lawn** (TSX:PLC) provides death-care products and services in Canada and the United States. In early April, I'd focused on Park Lawn as my top TSX stock for the rest of the year. Shares have climbed 13% month over month as of close on June 3. In the first quarter of 2020, the company reported adjusted net earnings of $7.5 million over $5.3 million in the prior year. Adjusted EBITDA grew to $17 million compared to $11 million in Q1 2019.

The company sports a fantastic balance sheet. Shares of Park Lawn last had a favourable P/B value of 1.2. The stock offers a monthly dividend of $0.038 per share, which represents a 1.9% yield. A purchase of 211 Park Lawn shares would net investors $8 a month in dividend income. More promising is its growth potential going forward.



**Jamieson Wellness** (TSX:JWEL) is another stock that is riding the demographic wave. Older demographics are some of the biggest consumers of supplements and natural health products. Jamieson stock has increased 23% in 2020 so far.

It achieved revenue growth of 16.5% in Q1 2020 and adjusted EBITDA increased 15.2% to $16.7 million. The company saw increased demand for its health products in March as North America responded to the COVID-19 pandemic. Our final $5,000 can go into purchasing 158 shares of Jamieson. This TSX stock also pays out a $0.11 quarterly dividend, representing a modest 1.4% yield.

**CATEGORY**

1. Investing

**TICKERS GLOBAL**

1. TSX:CWB (Canadian Western Bank)
2. TSX:JWEL (Jamieson Wellness Inc.)
3. TSX:PLC (Park Lawn Corporation)

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aocallaghan