



COVID-19 Investing: Rely on These 2 Large-Cap TSX Stocks

Description

As continued volatility and the fear of the second wave of the virus play spoilsport, investors should turn their focus to large-cap stocks for consistent growth and income. **Canadian National Railway** ([TSX:CNR](#))([NYSE:CNI](#)) and **Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)) are two such large-cap TSX stocks that could generate steady returns in the long run.

Canadian National Railway

Shares of Canadian National Railway should continue to chug along and generate steady growth and income for investors. Canadian National Railway's consistent operating performance, strong fundamentals, and scope for growth through acquisitions make it a top long-term investment option.

Investors should note that the Canadian National Railway's revenues and net income have increased at a CAGR of about 7% and 5%, respectively, over the past several years. Meanwhile, its free cash flows have grown at a CAGR of 8%.

Canadian National Railway's diversified portfolio, strong customer base, and strategic acquisitions should continue to support the growth of its top and bottom line. Besides, favourable market trends and high barriers to entry further accelerate growth.

Investors should note that with the reopening of the economy, Canadian National Railway's volume risk should subside, and the company should see improvement in the coming quarters. Also, the acquisition of TransX and an increase in freight rate should support sales growth. Canadian National Railway should benefit from lower fuel and labour costs in the short term. Meanwhile, operational efficiencies should cushion its margins in the long run.

Canadian National Railway has consistently raised its dividends since 1995. Moreover, the company's dividends have increased at a CAGR of 16%. Canadian National Railway's low payout ratio and steady growth in cash flows indicate that its dividends are safe and could continue to increase in the future.

Shares of Canadian National Railway offer a forward dividend yield of 1.9%.

Waste Connections

Waste Connections is another such large-cap TSX stock that should continue to do well in the long term. The company's recession-resilient business, ability to drive growth through a series of acquisitions, and continued strength in its base business should drive its stock higher.

Waste Connections's sales and EBITDA has grown at a strong double-digit rate over the past four years. Despite the lower economic activity, Waste Connections's revenues increased by 8.7% in the [most recent quarter](#). Moreover, its adjusted EBITDA registered a growth of about 6%.

Waste Connections's long-term fundamentals remain strong. The company should benefit from the early-mover advantage in secondary and rural markets. Moreover, its strategy to avoid highly competitive urban markets, lower customer churn rate, and focus on the niche market should further support growth. Also, Waste Connections's strong appetite for acquisitions and solid financial position bode well for future growth.

Investors should note that [this lesser-known TSX stock](#) has consistently increased its dividends over the past nine years. Waste Connections's ability to generate steady cash flows has allowed it to increase its dividends at a double-digit rate during the same period. The company's forward yield is low, but given the strong growth prospects, its dividends should increase in the coming years, pushing its yield higher.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CNI (Canadian National Railway Company)
2. NYSE:WCN (Waste Connections)
3. TSX:CNR (Canadian National Railway Company)
4. TSX:WCN (Waste Connections)

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Dividend Stocks
3. Investing

Date

2025/08/25

Date Created

2020/06/16

Author

snahata

default watermark

default watermark