15 Top TSX Large Caps to Buy in July

Description

We asked 15 of our Foolish writers for their top large-cap stock picks. Here are their choices:

Jed Lloren: Shopify

There are so few Canadian stocks that attain the sort of international acclaim that is associated with **Shopify** (TSX:SHOP)(NYSE:SHOP). On May 6, the company surpassed **Royal Bank of Canada**, to become the largest company by market cap in the country. Many thought the move was overblown, and some people expected Shopify stock to come crashing down as a result.

I will put this simply and you can decide for yourself if the company should be as big as it is. Of the top 10 stocks in Canada, which companies have the same international reach as Shopify? You will mostly see companies that have a bit of reach in the States, but Shopify reaches consumers worldwide. As e-commerce, as a whole, continues to gain more share of total retail sales worldwide (still only 10% of all sales in Canada in 2020) and with the company establishing partnerships with the likes of **Facebook** and **Walmart**, it is almost certain that the runway for growth still has no end in sight.

Fool contributor Jed Lloren owns shares of Facebook and Shopify.

Stephanie Bedard-Chateauneuf: Dollarama

Dollarama (TSX:DOL), Canada's largest dollar-store chain, is my top TSX large-cap stock to buy now.

Dollarama has been resilient during the pandemic. The business has been deemed an essential service by some provinces, which has enabled it to keep its stores open in many regions. While the retailer posted lower earnings for its first quarter, the impact of the COVID-19 on results was less bad than expected.

Dollarama had to increase spending to protect employees and customers from the COVID-19pandemic.

Excluding stores that were temporarily closed, same-store sales increased by 0.7%. Analysts expected a 3.6% decrease for the quarter. Sales totaled $844.8 million compared to $828 million in the first quarter of last year. Cleaning, health, and hygiene products, as well as food, fueled sales.

In the short term, Dollarama should benefit from a resumption of demand for more discretionary items.

Fool contributor Stephanie Bedard-Chateauneuf owns shares of Dollarama Inc.

Nicholas Dobroruka: Bank of Montreal

My top large-cap stock for the month of June is **Bank of Montreal** (TSX:BMO)(NYSE:BMO). The $50 billion bank is ranked as the fourth largest of the Big Six banks in Canada. With roughly 30% of net income being driven from south of the border, this bank can provide Canadian investors with exposure to the U.S. economy.

Along with the rest of the financial industry, BMO's stock price has taken a substantial hit this year. Year to date, the stock is down by almost 25%. Due to the drop this year, the bank is now trading at a very attractive valuation. The P/E ratio is hovering around 10 today, while the Price/Book ratio sits below 1.

Similar to the other top banks in the country, BMO offers an impressive dividend to shareholders. At an annual payout of $4.24 per share, the yield is equal to 5.6% at today's stock price. In addition to the high yield, this reliable Dividend Aristocrat has been paying shareholders since 1829.

Fool contributor Nicholas Dobroruka has no position in any of the stocks mentioned.

Jared Seguin: Telus Corporation

Telus (TSX:T)(NYSE:TU) is a top large-cap TSX stock to buy. It provides Canadians with various services including internet, entertainment, media, healthcare, mobile phone, and more.

On June 18th Telus announced it's now rolling out the first wave of its 5G network. It hopes in doing so it can help boost economic productivity, support the ongoing shift to digital/online education, and further expand its virtual healthcare network.

Telus will look to continue providing Canadians with some of the fastest network speeds in the world as it continues rolling out 5G later this year.

As of this writing, Telus is trading at $23.69 and yielding 4.93%. With a solid balance sheet and positive growth prospects ahead, Telus is a great pick for long-term investors.

Fool Contributor Jared Seguin has no position in any of the stocks mentioned.

Vineet Kulkarni: Barrick Gold

Barrick Gold (TSX:ABX)(NYSE:GOLD) is up more than 35% so far this year. It has become more attractive after a recent correction.

The second-biggest gold miner in the world has reported superior earnings growth in the last few quarters. The trend is expected to continue amid the bullish outlook for gold.

Though Barrick Gold has recently trimmed its planned output for the year, its net income is estimated to grow by 75% year-over-year. Its operational efficiency and improving balance sheet also make it a solid name in the industry. Better than expected income growth and stock's high correlation with the yellow metal adds to a strong case for Barrick Gold stock.

The stock looks tad stretched from the valuation perspective despite its recent correction. However, I think its above-average earnings growth potential justifies the premium valuation.

Fool contributor Vineet Kulkarni does not have any positions in the stocks mentioned.

Puja Tayal: CGI Group

My large-cap stock pick is **CGI Group** (TSX:GIB.A)(NYSE:GIB) that has a market cap of $20.8 billion. CGI offers end-to-end digitization solutions across different geographies and vertical markets, which makes it resilient to an economic downturn. It has better visibility around its future revenue as it earns money from long-term service contracts with large enterprises and government agencies. The COVID-19 pandemic has delayed some contracts in the manufacturing, retail, and distribution sectors, but has strengthened demand in government, healthcare, and utilities.

After growing steadily for the last 19 years, CGI stock fell 20% in the March sell-off, its first significant decline since the 2000 dot.com bubble. The pandemic has slowed CGI's growth in the short-term, but it will resume in the medium term as businesses normalize. The stock rose 120% in five years, and 34% last year. It can replicate this growth in the future as the pandemic will encourage companies to accelerate their digitization efforts.

Fool contributor Puja Tayal does not have any positions in the stocks mentioned.

Daniel Da Costa: Enbridge Inc.

My top large-cap TSX stock to buy today is the investor favourite **Enbridge Inc** (TSX:ENB)(NYSE:ENB). Enbridge is a massive diversified energy infrastructure company.

It's the perfect business to own in this market environment. It has a high-quality business model with major competitive advantages, long-term growth potential, and it pays a highly sustainable dividend.

The business has seen only a minimal impact from coronavirus this year. In fact, the numbers have been so strong that management expects that in a worst-case scenario, Enbridge would pay out just

72% of the distributable cash flow it earns this year. That goes to show what a high-quality and robust business model that it has.

As of the close of business of Friday, June 19, Enbridge was trading at just $42.34. This is extremely cheap for long-term investors, plus its $3.24 dividend has a massive 7.65% dividend yield.

Fool contributor Daniel Da Costa owns shares of ENBRIDGE INC.

Kay Ng: Manulife Financial Corporation

The COVID-19 pandemic ushered **Manulife Financial** (TSX:MFC)(NYSE:MFC) to accelerate its digital strategy. For example, in April, MFC received 87% of its Canadian insurance applications electronically, an increase of 20% from a year ago.

Simultaneously, the virus caused a selloff in the stock, which is in its early days of recovery. At $18.69 per share, the value stock trades at a discount of almost 30% from its normalized levels.

So, over the next five years, MFC stock can deliver total returns of about 8-16% depending on the price-to-earnings ratio it ends at. To reward shareholders for the wait, MFC pays a juicy 6% yield.

Fool contributor Kay Ng owns shares of Manulife.

Andrew Button: The Canadian National Railway

Canadian National Railway (TSX:CNR)(NYSE:CNI) is my top large-cap for June. With an $84 billion market cap, it's solidly in the blue-chip category, yet it still has plenty of room for growth.

In the first quarter, we saw the company grow its earnings by 31% despite *two* major headwinds: COVID-19 and January's rail blockades. These challenges did result in flat revenue for the quarter, but the company grew its earnings thanks to lower costs, higher rates, and improved efficiency.

Normally, railroads are cyclical stocks that do well in bull markets but poorly in recessions. As we've seen with CNR, however, a well-run railroad can be a true all-weather stock.

Fool contributor Andrew Button owns shares in the Canadian National Railway.

Nelson Smith: Bank of Nova Scotia

My top large-cap pick is **Bank of Nova Scotia** (TSX:BNS)(NYSE:BNS), Canada's third-largest and most international bank.

That international exposure is the exact reason why I'm a big fan of this particular bank. The Canadian operations keep chugging along while assets in places like Mexico, Colombia, and Chile are poised for excellent long-term growth, both organically and through acquisitions. This strategy should provide excellent growth potential for decades to come as Latin America becomes richer.

And while investors wait for this thesis to play out, they're treated to a succulent 6.3% dividend yield.

The dividend is especially attractive today, considering this bank's yield is usually in the 4-5% range.

Fool contributor Nelson Smith owns Bank of Nova Scotia shares.

Vishesh Raisinghani: Fairfax Financial Holdings

Investors tend to look for green flags or indicators of undervaluation. In the case of **Fairfax Financial Holdings** (TSX:FFH), these indicators are the most obvious they've ever been. The stock has underperformed the broader index for years. However, the underlying company has steadily created immense value over that period. Now, the value of the underlying assets is simply not reflected in the stock price.

Prem Watsa's conglomerate has $11.1 billion in cash and cash equivalents, relatively low debt, and substantial cash flows to support the stock's 3% dividend yield. The stock is trading at 9.5 times forward earnings and nearly on par with book value. It's a bargain.

Fool contributor Vishesh Raisinghani does not have any positions in the stocks mentioned.

Amy Legate-Wolfe: Canadian Pacific Railway Ltd.

Steady as a rail. The saying holds true for both the railway and railway stocks. **Canadian Pacific Railway Ltd.** (TSX:CP)(NYSE:CP) is no exception and could claim the top spot within the Canadian rail duopoly. The company has had a solid decade. After changing gears back in 2012, the company cut costs and reinvested in its infrastructure. That means the heavy cost is complete, and the company now continues to look at ways to bring in more cash for investors. A lot of this comes in the form of dividends, which the company has increased an average of 27% per year over the last five years.

Right now, you want a company like this in your portfolio. Even with the stock trading near all-time highs, that should speak to the company's solid present and future. After creating a more efficient railway, the company looks like the perfect stock to hold for decades.

Fool contributor Amy Legate-Wolfe owns shares of Canadian Pacific Railway Ltd.

Ambrose O'Callaghan: Fortis

My top large-cap stock for June is **Fortis** (TSX:FTS)(NYSE:FTS). Shares of Fortis had climbed 2% year-over-year at the time of this writing. The St. John's-based utility holding company boasts a market cap of about $24 billion. This is one you can trust for decades.

Fortis is well on its way to establishing itself as a dividend king. That is, achieving at least 50 consecutive years of dividend growth. It last increased its quarterly dividend to $0.4775 per share, representing a 3.7% yield. The company's aggressive five-year capital plan is expected to increase its rate base from $28 billion in 2019 to $38 billion by 2024. It is projecting an annual dividend growth rate of 6% through the end of this forecast period.

Better yet, Fortis stock also possesses a price-to-earnings ratio of 13. This is favourable value territory relative to industry peers. Fortis is a future dividend king that you can trust for the long term.

Fool contributor Ambrose O'Callaghan owns shares of FORTIS INC.

Karen Thomas: BCE Inc.

As Canada's largest telecom services company, **BCE Inc.** (TSX:BCE)(NYSE:BCE) is in an enviable position. As part of an essential business that is growing ever more important within today's new environment and new challenges, BCE is in a sweet spot. For investors, it is a defensive name that would make a very well-timed addition to any portfolio.

BCE stock is showing tremendous value today. Yielding almost 6%, BCE presents investors with a great opportunity for generous dividend income. This type of yield for such a quality stock does not come around that often.

Another quality of BCE stock that cannot be overstated is that it is as defensive a holding as we can get. This company is protected by high barriers to entry, is insensitive to economic cycles, and has tremendous balance sheet strength. These qualities will ensure that BCE stock continues to be a core holding for long-term wealth creation.

Fool contributor Karen Thomas owns shares of BCE Inc.

Demetris Afxentiou: Rogers Communications

Since the onset of the COVID-19 pandemic, defensive investments have attracted renewed interest from investors. Telecoms are a perfect example of this, and one telecom in particular that investors should consider is **Rogers Communications** (TSX:RCI.B)(NYSE:RCI).

Rogers offers TV, internet, wired, and wireless phone subscription services. Rogers also owns an impressive media empire of TV and radio stations that like its wireless service, blanket the country.

That wireless segment is what should excite investors the most. Rogers is investing heavily in building its new 5G network. Apart from faster downloads, 5G will allow a greater number of connections with better coverage. Rogers is targeting to have 5G coverage in 20 cities by the end of the year, which puts the company in an advantageous position over its peers.

Apart from that growth potential, Rogers also caters to income-seeking investors. Rogers's quarterly dividend is lower than its peers' payout, but for good reason. Rogers passed on scheduled upticks to its dividend, opting to invest in improving its business and paying down debt. As a result, the 3.5% yield is a sustainable and welcome option to counter volatility.

Fool contributor Demetris Afxentiou has no position in any stocks mentioned.

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2. NYSE:BCE (BCE Inc.)
3. NYSE:BMO (Bank of Montreal)
4. NYSE:BNS (The Bank of Nova Scotia)
5. NYSE:CNI (Canadian National Railway Company)
6. NYSE:CP (Canadian Pacific Railway)
7. NYSE:ENB (Enbridge Inc.)
8. NYSE:FTS (Fortis Inc.)
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11. NYSE:RCI (Rogers Communications Inc.)
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