



## The 3 Best Canadian Large-Cap Stocks to Buy in February

### Description

The development of the COVID-19 vaccine added fresh momentum to the stock market. However, uncertainty and stretched valuations are likely to keep the market volatile in the near term.

Amid volatility, adding high-quality, large-cap stocks to your portfolio could add stability. We'll discuss three large-cap Canadian stocks with strong fundamentals that are likely to benefit from good growth opportunities.

### Shopify

With a market cap of \$170.4 billion, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is Canada's largest publicly traded company. Thanks to the strong sectoral tailwinds, I see [strong growth](#) in Shopify stock. I believe the spending on e-commerce is likely to increase, providing a solid base for growth for Shopify.

The demand for Shopify's e-commerce products and services is expected to remain elevated, as small- and medium-sized businesses continue to transition away from traditional selling models and adopt the omnichannel platform. Its gross merchandise volume (GMV) and revenues are expected to increase at a strong double-digit rate. Its adjusted operating expenses as a percentage of sales are likely to decelerate.

Besides strong demand, Shopify's addition of new selling channels, expansion of high-value products, and operating leverage position it well to once again deliver outsized growth in 2021 and beyond. Shopify shares have corrected a little over 11% in one month and are one of the top stocks you could buy in February.

### Royal Bank of Canada

As the demand continues to bounce back, **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is expected to deliver strong top- and bottom-line growth. The economic recovery is likely to spur credit demand. Meanwhile, provision for credit losses is likely to decline sharply, driving its bottom-line growth.

Canada's largest lender is well diversified and is expected to deliver industry-leading volume growth. Meanwhile, its wide breadth of products, cross-selling, and operational efficiency is likely to cushion Royal Bank of Canada's revenues and EPS.

Royal Bank of Canada is a Dividend Aristocrat and has raised its dividends at a CAGR (compound annual growth rate) of 8% since 2010. The bank pays a yearly dividend of \$4.32 a share, reflecting a yield of 4.2%.

## Fortis

**Fortis** ([TSX:FTS](#))([NYSE:FTS](#)) is a top stock to own amid volatility. Its low-risk and diversified utility assets generate high-quality earnings and cash flows that drive its stock and dividend payouts. Fortis's 10 regulated utility businesses, capital investments, and consistent rate base growth position it well to deliver healthy returns over the next decade.

Fortis projects its rate base to grow by \$10 billion over the next five years, which is likely to drive its regulated earnings base and drive higher dividend payments.

Notably, Fortis has a very long history of [dividend payments](#). Fortis has paid and raised its dividends for 47 years. Meanwhile, it projects an average annual dividend-growth rate of 6% through 2025. Fortis's resilient business, strong rate base growth, and a dividend yield of 3.9% make it a must-have stock in your portfolio.

## Bottom line

These Canadian large-cap companies have strong fundamentals and have delivered solid returns over the past several years. Despite the volatility, I expect these companies to continue to benefit from secular industry trends, economic recovery, and continued momentum in the base businesses.

### CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
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### POST TAG

1. Editor's Choice

### TICKERS GLOBAL

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

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