3 Top TSX Stocks to Buy Today with $3,000

Description

Investors focus on growth and ignore diversification while investing for the long term – – and not just sectoral diversification. Your portfolio should also be prudently balanced with aggressive and defensive stocks. Aggressive stocks will fetch higher returns in bull markets, while defensives will provide stability in downturns. Here are three such **TSX** stocks that offer decent growth and diversification benefits.

Shopify

The tech titan **Shopify** (TSX:SHOP)(NYSE:SHOP) stock is still trading 25% lower than its all-time highs in February. After a steep correction in the last few months, the top growth stock might again restart its upward rally. I think the recent acceleration in COVID-19 cases and fears of more restrictions could bode well for Shopify stock.

Notably, its recent correction does not change its growth prospects at all. Shopify's superior revenue growth and improved operating profit margin in Q4 2020 make it an attractive bet for long-term investors. Although Shopify expects relatively slower revenue growth in 2021, I think it could still see above-average growth in the next few years.

SHOP stock still looks stretched from the valuation standpoint. But its recent decline could be an excellent opportunity for discerned investors.

Enbridge

After a growth stock, let's take a look at a stable, slow-moving dividend stock. Consider **Enbridge** (TSX:ENB)(NYSE:ENB). While it might not offer superior growth prospects like Shopify, it provides stability and decent dividends.

With 7.4%, Enbridge is one of the top-yielding TSX stocks. It has increased dividends by 10% compounded annually for the last 26 consecutive years.

Importantly, investors can expect such steadily growing dividends for the next several years, mainly driven by its low-risk operations. Enbridge is an energy pipeline company, and its earnings do not deviate significantly on volatile oil and gas prices. It earns a majority of its earnings from low-risk, fixed-fee operations, which enables dividend stability.

ENB stock has returned 20% in the last 12 months, while TSX stocks, on average, have returned 50%. Although it has underperformed broader markets in the short term, ENB has notably beat markets in the long term. In the last decade, Enbridge delivered average annual total returns of 10%, and the **TSX Composite Index** delivered returns of 4%.

Premium Brands Holdings

Premium Brands Holdings (TSX:PBH) is a $5.3 billion leading food-processing company. It is a solid combination of specialty foods and a premium food distribution business. Specialty foods segment caters primarily to niche markets and offers convenience and lifestyle. Its differentiated food products achieve higher profit margins. Premium food distribution focuses on logistics and caters to restaurants, specialty grocery retailers, and institutions.

Premium Brands, which owns popular brands like Expresco, Deli Chef, and Harvest Meats, has seen superior financial growth in the last several years. Its revenues have grown by an average 22% in the last five years. However, its net income has been relatively slower, which has grown 5% compounded annually in the same period.

The company management sees pandemic and ongoing restrictions as temporary. It is confident of the long-term growth post-pandemic. It aims to earn $6 billion in revenues by 2023, implying an attractive growth of 15% compounded annually.

PBH stock has soared 20% so far in 2021. Although the stock looks overvalued, I think it might continue to soar higher, driven by its post-pandemic recovery prospects.

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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:PBH (Premium Brands Holdings Corporation)

5. TSX:SHOP (Shopify Inc.)

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