



3 of the Best Large-Cap Stocks to Buy Now

Description

With the virus surging and uncertainty over the pace of economic recovery, it makes sense to invest in top large-cap stocks for stable returns. Fundamentally strong large-cap stocks are likely to add stability to your portfolio and could continue to outperform the broader markets with their returns in the future. Let's focus on three such top large-cap stocks that should be on your radar.

Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) consistently performed well despite the challenging operating environment and pressure on its bottom line. The bank's ability to expand its loans and deposits volumes and operating leverage positions it well to deliver strong earnings growth.

With the economic expansion, Bank of Montreal's loans and deposit volumes are expected to mark stellar growth and support the overall revenues. Meanwhile, its improving efficiency is likely to cushion the bottom line. Furthermore, the decline in the provisions for losses is expected to significantly boost its profitability in 2021 and drive its stock and dividend higher.

Bank of Montreal is paying dividends for the past 192 years and increased it by about 6% annually in the last 15 years. Also, Bank of Montreal is looking good on the valuation front. It is trading at a Price to Book Value (P/BV) ratio of 1.4, significantly below the peer group average. Meanwhile, it offers a decent yield of 3.7%.

Fortis

Fortis ([TSX:FTS](#))([NYSE:FTS](#)) stock is a [must-have](#) in your portfolio amid heightened volatility in the market. The company owns a high-quality portfolio of 10 regulated utility businesses that deliver robust and resilient cash flows. Further, it remains relatively immune to the economic cycles.

Notably, about 99% of its earnings come from the regulated utility assets. Moreover, the majority of its revenues come from residential sales or through channels protected by regulatory mechanisms. Looking ahead, Fortis projects its low-risk rate base to increase by \$10 billion to \$40.3 billion, which is likely to drive its future earnings and dividends.

Fortis has paid and increased dividends for 47 years in a row. Moreover, it projects about 6% annual growth in its dividends over the next five years. Besides consistent rate base growth, Fortis is expected to benefit from its expansion in the renewable power business. Meanwhile, strategic acquisitions and diversification through investments in infrastructure augur well for future growth. Fortis offers a yield of 3.7% at current price levels.

Shopify

While **Shopify's** ([TSX:SHOP](#))([NYSE:SHOP](#)) valuation may fail to attract but it's one of the top large-cap long-term bets. The continued spending on e-commerce platforms and shift in selling models bode well for future growth and are likely to drive demand for Shopify's platform.

I believe investors should focus on Shopify's [growth prospects](#) and not on its valuation. Despite the expected moderation in growth rate, Shopify could continue to deliver robust sales and drive its merchant base.

Shopify's expansion of the fulfillment network, increased adoption of its payments platform, and multiple sales and marketing channels position it well to capitalize on the secular industry trends. Further, its geographic expansion, value-added products, and operating leverage are likely to drive its financials, in turn, its stock.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
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TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:FTS (Fortis Inc.)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:BMO (Bank Of Montreal)
5. TSX:FTS (Fortis Inc.)
6. TSX:SHOP (Shopify Inc.)

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Date

2025/08/20

Date Created

2021/04/19

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