



TSX Stars: 2 Behemoths to Buy Today

Description

These two companies are among those Canadian investors are familiar with. After all, these two players have been vying for the top spot on the **TSX** for some time. That is, in terms of market capitalization.

And both companies couldn't be more different in terms of business models.

That said, these mega-cap companies are unique plays in their own way. Indeed, I think both deserve some consideration from investors today. The size of a given company has been shown to improve risk-adjusted returns over time. So, let's take a look at these two behemoths today.

Royal Bank

As far as Canadian banks go, **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) is still the [gold standard](#) in Canada.

In general, bank stocks like Royal Bank have been among the most consistent long-term holdings for Canadians. These banks return a lot of capital to shareholders over time via dividend increases and share buybacks. However, these are also economically-sensitive names that have benefited from the reopening thesis.

Royal Bank's recent earnings highlights the strength of this large Canadian lender. This past quarter, Royal Bank surpassed analyst expectations of \$2.28 in adjusted EPS, providing investors with EPS of \$2.69. That's quite a beat. Royal Bank's bottom line swelled from \$3.51 billion to \$3.85 billion, with profits jumping 10% in the quarter.

This bank's commercial and personal banking sectors were the main contributors, while the capital markets divisions also recorded a breakthrough performance. Profits from U.S. equity trading broke a new record, jumping 21% to reach \$1.07 billion.

With such impressive numbers and an average \$305 billion mortgage book balance, I think Royal Bank

is a valuable addition to any long term investment portfolio. Its superlative international growth makes me optimistic that it will be the first to recover among its peers and outperform the broader market in the long term.

Shopify

The impact of this pandemic has been one which has been mixed across certain sectors. For companies like **Shopify Inc.**([TSX:SHOP](#))([NYSE:SHOP](#)), the pandemic was a tailwind rather than a headwind.

Why?

Well, the pandemic accelerated the shift to e-commerce from traditional bricks and mortar businesses. With this acceleration in what was already a skyhigh growth rate to begin with, Shopify stock correctly took off.

Now, concerns are that the company won't be able to keep this pace much longer. After all, doubling revenues every year for a number of years is hard to do.

That said, Shopify's positioned in a high-growth sector, with the potential to grab even more market share. There's hope that this e-commerce player can grow its slice of the pie, even if the pie may not be expanding as fast as investors want.

For long-term growth investors, Shopify remains a premier pick on the TSX. And the company's got the market capitalization it does for a reason.

CATEGORY

1. Bank Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

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

PARTNER-FEEDS

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

Category

1. Bank Stocks
2. Investing
3. Tech Stocks

Date

2025/07/05

Date Created

2021/04/21

Author

chrismacdonald

default watermark

default watermark