



Bigger Is Better: 3 Top TSX Mega-Cap Stocks to Buy Today

Description

As vaccinations continue to pick up steam, investors are increasingly getting more excited about the stock market. Accordingly, valuations have started to climb. However, the level of risk in the market today is becoming noticeable. And one way investors can manage risk is by considering mega-cap stocks.

Why?

Well, mega-cap stocks tend to have lower risk profiles than small-cap stocks over time. This has been proven academically and generally holds true. Accordingly, for those looking to manage portfolio risk, here are three top mega-cap stocks to consider right now.

Mega-cap stocks: Royal Bank of Canada

As far as mega-cap stocks go in Canada, **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) has consistently been [one of the largest](#). Only recently dethroned by **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), which we'll get to next, Royal Bank has been a stalwart investment for so many Canadians for decades.

And for good reason.

After all, Royal Bank isn't just a Canadian bank. It's a global player in the banking space. And with the global economy set to reopen in a big way, Royal Bank stands as a beneficiary of this trend.

Royal Bank's balance sheet and recent earnings have shown great improvement from the pandemic-driven drops we saw last year. As provisions for loan losses continue to get removed, and cash piles up for these big banks, expectations are that share buybacks and dividends could once again resume once regulators give the green light.

For now, Royal Bank provides investors with a solid dividend yield of 3.4%, as well as an excellent long-term growth profile. Indeed, there's a lot to like about this banking giant.

Shopify

As mentioned, Shopify has topped the market cap charts in Canada for some time.

The largest company in Canada by market cap, Shopify has been a growth investor's dream stock. Indeed, the returns this company has provided in terms of growth are otherworldly.

These growth rates are certainly factored into the company's valuation right now. Indeed, a price-to-sales ratio of more than 50 times may cause some investors to balk. That's high. However, there's also reason to believe Shopify can keep the pace up and grow into its valuation.

Recent growth rates in gross merchandise volume (GMV) of 114% year over year show just how highly prized the company's e-commerce platform has become. And with strong secular growth catalyst continuing to drive e-commerce sales higher, this is a top mega-cap stock in many investor portfolios for a reason.

Suncor Energy

The big dog in Canada's energy patch is **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)). Indeed, it certainly didn't feel like Suncor was that big of a player last year. The company's valuation got hammered as a result of plunging energy prices. And investors were jumping ship left, right, and centre.

How the tides have turned.

With oil prices skyrocketing of late, Suncor has once again become an attractive investment. Indeed, the company's cost-cutting focus in recent years has brought its breakeven cost per barrel around US\$35 WTI. What that means, at least for now, is impressive cash flow. And with expectations that energy demand should continue to surge, this cash flow growth could continue for some time.

As far as energy stocks go, Suncor is one of the best in Canada. Those seeking exposure to mega-cap stocks can't go wrong with this name.

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