



Go Big or Go Home With These 3 Mega-Cap Stocks

Description

Investors seeking [significant portfolio growth](#) have increasingly looked to small caps for such returns. Of late, this strategy has worked well. That said, mega-cap stocks continue to carry most major indices around the world. I expect this trend to continue.

Perhaps the return potential may not be as great with mega-cap stocks as with smaller counterparts. However, mega-cap stocks often offer a better risk profile and risk-adjusted returns. Over the long term, this can provide outperformance for conservative investors.

Here are three of the top mega-cap Canadian stocks investors should consider today.

Mega-cap stocks: Royal Bank

The largest company in Canada by various metrics, **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) continues to be a [core holding](#) for many Canadians. After all, this mega-cap Canadian bank is one of the largest globally. Indeed, Royal Bank's diversified banking business provides cash flow quality unlike most of its peers.

As far as quality goes, Royal Bank remains a top pick of mine for long-term investors seeking a true blue-chip Canadian bank pick. This is a company with a historical track record, unlike most companies. For long-term investors seeking a meaningful ROI on investment, Royal Bank remains a top pick today.

Suncor

In the Canadian energy sector, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) continues to be the leader. Mainly an oil sands play, Suncor is also diversified across a range of businesses. Like the mega-cap stocks on this list, Suncor has performed well of late.

Of course, a significant portion of Suncor's performance can be tied to oil prices. With commodities and energy surging, Suncor has done very well. And for investors who believe much more of the same is

on the horizon, this is a great pick to add for diversification.

Suncor's cash flows remain strong right now. Given the company's breakeven cost per barrel around US\$35 WTI, Suncor is likely to produce significant cash flow for some time. Until fundamentals break down in the energy market, Suncor should remain a top pick on investors' radar right now.

Shopify

No list of mega-cap stocks is complete without talking about **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). Indeed, this is now the largest company in Canada by market capitalization, dethroning Royal Bank. Such a move is impressive, and Shopify's valuation gap is widening among its mega-cap peers.

Why?

Well, growth in e-commerce is taking off. The pandemic provided e-commerce players such as Shopify with a shot in the arm. For a company that was already growing at breakneck speed, the fact that more retailers are focusing on e-commerce has resulted in an economic transition the likes of which we haven't seen in some time. Shopify has been there to capitalize on this movement.

Accordingly, long-term investors seeking a mega-cap name with tonnes of growth upside need to look at Shopify. It's the best company in Canada in this regard.

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

5. TSX:SHOP (Shopify Inc.)
6. TSX:SU (Suncor Energy Inc.)

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