



Top 3 TSX 60 Stocks to Buy Now

Description

The **TSX 60 Index** — a collection of the 60 largest companies on the Canadian stock market — has performed relatively well this year. The index is up 18.4% year to date. However, some TSX 60 stocks have the potential to outperform their index and deliver even better returns.

Here are my top three picks for the rest of 2021.

Best TSX 60 bank stock

TD Bank ([TSX:TD](#))([NYSE:TD](#)) is probably one of the [best TSX bank stocks](#) to buy right now. That's because of two simple reasons: diversification and valuation.

First, TD Bank is much more exposed to the American economy than many of its peers. The U.S. economy has had a much shorter lockdown and is on a healthier economic recovery than Canada at the moment. Borrowers in the U.S. are simply in better shape. Meanwhile, house prices are much more reasonable.

TD's exposure to the U.S. and its recent haul of cash from selling TD Ameritrade puts it in a favourable position. However, TD stock hasn't priced this in yet. It trades at a mere 11 times earnings, far less than its peers. At that ratio, the stock offers an earnings yield of 9%. That's the reason TD deserves a spot on your long-term **TSX-beating** portfolio.

Best TSX 60 tech stock

Tech stocks have had a rough run this year. The excitement and double-digit growth rates of 2020 have faded away. Investors are now grappling with inflated valuations and mediocre performance. However, **Constellation Software** ([TSX:CSU](#)) could buck the trend.

Constellation stock is up 22.7% year to date, which means it outperformed the TSX 60 and many of its tech peers. The company's underlying growth drivers seem to be intact. Constellation has several sources of recurring free cash flow from software clients. Many of its software clients are government agencies, which makes this cash flow much more reliable.

The team deploys cash back into acquisitions of other software startups. It's an excellent model that has delivered 10,900% in total returns over the past 15 years. And there's no sign the model is slowing down. There's plenty more room for Constellation to keep growing. That's why it's a top TSX stock pick for 2021 and beyond.

Best TSX 60 energy stock

Enbridge ([TSX:ENB](#))([NYSE:ENB](#)) is another excellent TSX stock for your list. The midstream energy giant is up 23.6% year-to-date. That means it is outpacing the TSX 60.

This outperformance could continue as the economy rebounds. Over the next few months (or perhaps years) global consumption is expected to roar to record-highs. Meanwhile, oil and gas giants haven't invested enough to keep up with supplies. That should push the price of crude oil higher, helping Enbridge stock.

The stock is currently trading at a price-to-earnings ratio of 16.5 and offers a dividend yield of 6.7%. That's surprisingly good value for a company that's expecting steady growth in the near term. Enbridge could be an ideal TSX stock for bargain-value-seeking investors.

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3. TSX:CSU (Constellation Software Inc.)
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Date

2025/09/10

Date Created

2021/08/06

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