



3 Top TSX Stocks to Buy Today With \$3,000

Description

Canadian markets are up almost 20% so far this year. While the rally can continue in the near future, here are the top three **TSX** stocks that could outperform in the long term.

Royal Bank of Canada

Canada's biggest lender **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)) reported its fiscal third-quarter earnings today. The numbers came above expectations and certainly highlight a strong recovery in the making. Royal Bank reported \$4.3 billion in net income for the quarter ended July 31, 2021, representing 34% growth year-over-year.

A handsome earnings growth was contributed by loan loss recovery. During the third quarter, the bank [reversed](#) \$540 million in provisions for credit losses, indicating that the worst brought by the pandemic is behind. It released \$96 million from provisions in the previous quarter.

Royal Bank declared a dividend of \$1.08 per share today, its seventh consecutive flat payout. Canada's banking regulator banned dividend increases and share buybacks last year. However, as the asset quality of Canadian banks is improving, it might once again allow Canadian banks to return cash to shareholders in the form of higher dividends.

RY stock has returned 35% in the last 12 months, outperforming [TSX stocks](#) at large.

Premium Brands Holdings

Premium Brands Holdings ([TSX:PBH](#)) stock has been trading strong, gaining almost 35% so far this year. One of Canada's leading food-processing companies, Premium has seen strong financial growth in the recent quarter, thanks to gradually easing lockdown measures across the country. As a result, it reported \$1.2 billion in total revenues in the second quarter of 2021, a decent 26% growth year over year.

Premium Brands runs with two operating segments. The first is Specialty Foods, which manufactures food that focuses on convenience and lifestyle. Premium Food Distribution takes care of its wholesale business and differentiated food distribution.

The company has been active on the acquisitions front for years. During the quarter, it completed an acquisition of Mermax, a food processing and distribution company in Quebec.

Since 2016, PBH managed to increase its revenues by a handsome 22% compound annual growth rate. Including dividends, the stock returned 300% in this period, beating TSX stocks by a wide margin. The company aims to achieve \$6 billion in sales by 2023, indicating revenue growth of approximately 14% CAGR.

Fortis

As markets linger around all-time highs, defensive stocks might again come into focus. Top utility stock **Fortis** ([TSX:FTS](#))([NYS:FTS](#)) could be a decent pick in these volatile markets. Its stable stock price movements and consistently growing dividends could help outperform in bearish markets.

FTS stock yields a decent 3.5% at the moment, in line with TSX stocks at large. It has increased its [dividends](#) for 47 consecutive years. The utility generates a majority of its earnings from regulated operations, which facilitate cash flow stability.

Stocks like FTS generally are less volatile against broad markets and stand tall when uncertainty in broader markets increase. Also, their dividend yields suggest a decent premium against treasury yields, underlining a favourable risk-reward proposition.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Investing

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. NYSE:RY (Royal Bank of Canada)
3. TSX:FTS (Fortis Inc.)
4. TSX:PBH (Premium Brands Holdings Corporation)
5. TSX:RY (Royal Bank of Canada)

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