



## Beginners: 2 Top Stocks to Buy Together Amid a June Swoon

### Description

There are two areas of the market that may be enticing to value-conscious [beginners](#).

First, it's the safe-haven plays that generate ample amounts of cash flow. Higher dividends have been in higher demand these days, and it's not a mystery as to why. Higher rates call for real profits in the present rather than in the distant future.

Though it's good to think about real cash flows and profitability prospects, one must never lose sight of valuation. After a rotation out of growth and into dividend heavyweights, I'd argue that the valuation is suspect in certain names. Heck, such bid-up dividend stocks may be pricier than some of the most battered formerly high-multiple growth stocks that are currently in the gutter right now.

### Beginner investors: Is it time to reach for growth and value?

It's these former high flyers in the growth corner of the market that I believe are the second place that value hunters may wish to look to. Indeed, hard-hit growth and profitable value are two areas I'd be a buyer of in a sort of "barbell" approach, as we slog through what could be a choppy second half of the year.

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) and **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) appear like a great growth-dividend pair trade that beginners may wish to consider this June.

### Shopify and BMO: A great pair trade for June?

Shopify is a fallen growth stock that fell from the top of the Canadian stock market. Though its market cap got slashed to around \$60 billion, I still think the more than 80% drop is overdone. Though inflation and rates are likely to dictate where SHOP stock goes next, I'd argue that beginners with a long-term investment horizon should look to be a buyer of this dip. The company may be coming off a few tough quarters, but given the hard-hit consumer, which e-commerce player hasn't?

I view the consumer slowdown as temporary. As Shopify enhances its product further, it will be ready for its next bull run. Until then, expect broader markets to move Shopify, not the fundamentals. At the end of the day, Shopify is quality growth, and right now, it's at a reasonable price.

If rates head much higher from here, though, don't be shocked if SHOP stock falls another 20-30%. Its near-term fate is tied to inflation and rates.

That's why it's good to pair the name with a big bank like BMO. The Big Six Canadian bank will benefit from higher rates, as it can expand upon its net interest margins. Further, its oil and gas exposure and newly acquired Bank of the West deal could be a considerable boon to earnings moving forward. At under eight times trailing earnings, BMO stock looks like the cheapest of the banking batch. Arguably, it's a deep-value play that should be scooped up at this juncture.

With a juicy 4% yield dividend that's ripe to grow, as the firm increases its annual earnings, BMO has core holding written all over it. Beginners, take notice!

## CATEGORY

1. Investing

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3. TSX:BMO (Bank Of Montreal)
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