The 3 Top Large-Cap Stocks for TSX Investors

Description

Large-cap stocks have been through the small- and medium-cap stage. So, these well-established companies typically have stable financial positions and earnings compared to young businesses. As a result, most of the time, these stocks aren't cheap.

Right now, the market correction is the perfect opportunity to accumulate shares in quality large-cap stocks. Here are three top, large-cap stocks for **TSX** investors to research.

This large-cap stock is a no-brainer buy for TSX investors

Brookfield Asset Management's (TSX:BAM.A)(NYSE:BAM) market cap stands at about $95 billion. It has more than a century's experience in owning and operating real assets. By now, its operations spread across more than 30 countries with the support of about 150,000 operating employees. Its areas of expertise include infrastructure, renewable power, real estate, private equity, and credit assets.

The bottom line is that the company aims for long-term returns on investments of 12-15% per year, which it has achieved. This strong track record of returns attract capital, as investors come back for more outperforming long-term returns.

BAM has about US$725 billion of assets under management, over half of which it earns management fees. Other than management fees, BAM also earns performance fees for achieving certain criteria for its clients.

The market correction is a good time to ease into the undervalued stock backed by a wonderful business. The large-cap growth stock also yields over 1.2% to add to stockholders' returns.

Another large-cap TSX stock you can count on

Canadian National Railway (TSX:CNR)(NYSE:CNI) is another large-cap TSX stock you can rely on.

The market correction has triggered a rare +15% decline in the quality railway stock, making it relatively attractive.

Economic boom and bust do affect CN Rail's earnings. However, its earnings have been pretty defensive even during bad economic times. The company has grown its earnings per share (EPS) at about 10.5% per year since 2004, while its 10-year EPS growth rate is about 9.6%.

The railroad stock is also a long-time Canadian Dividend Aristocrat that has paid an increasing dividend every year 1996. Its 10-year dividend-growth rate is 14.2%. It has a sustainable payout ratio and a large reserve of retained earnings to help protect its dividend.

At under $143 per share at writing, the stock yields just over 2%. CN stock trades at a discount of about 12% according to the current 12-month analyst consensus price target of $163.

Big Canadian bank stocks are also attractive

The Big Six Canadian bank stocks are also becoming attractive. Under a normal market, **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) would be a steal providing a yield of 4.2%. So, it's not a bad idea to start easing into TD stock for long-term investing and passive income. Its payout ratio is sustainable at about 43%.

Just keep in mind that because there's an increased risk of a recession, the bank stock could feel more pressure over the next months. The Big Six Canadian bank stocks are solid long-term investments, though. A reasonable goal would be to accumulate shares at good valuations (like now) and start collecting growing dividend income while waiting for price appreciation.

CATEGORY

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2. NYSE:CNI (Canadian National Railway Company)
3. TSX:BN (Brookfield)
4. TSX:CNR (Canadian National Railway Company)

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