1 Tech Stock, 1 Bank Stock, and 1 Oil Stock to Buy Today

Description

Stock market returns are hard to predict, because economic conditions change. The reminder of seasoned investors and fund managers that past performance is no guarantee of future results is also true. Canada's primary equities market has never posted the same percentage gain or loss each year since 1988.

The TSX lost in 2018 (-11.64%) but won in 2019 (19.13%), 2020 (2.17%), and 2021 (21.74%). As of this writing, the **TSX** is down 10.10% year to date because of rising recession worries. However, three its 11 primary sectors remain popular with investors, despite the uncertainties.

One top stock each from the technology, financial, and energy sectors should form a formidable portfolio. It's a measured risk-reward combination, as their constituents aided in preventing the TSX from losing in the last three years.

Most valuable tech brand

E-commerce giant **Shopify** used to be the tech sector's top draw, but it has lost favour with investors due to declining revenue growth. It's fall from grace is evident from the Canada 100 2022 Ranking, where the tech superstar ranks number 50. **Constellation Software** (TSX:CSU) jumped to the 19th spot and is now the most valuable tech brand.

While the tech stock is down year to date, it outperforms Shopify, -18.09% versus -75.55%. It trades at $1,919.80 per share and pays a modest 0.27% dividend. This $40.68 billion company engages in the acquisition, management, and building of industry-specific software businesses.

In Q1 2022, Constellation's total revenue and free cash flow increased 21.7% and 20.4% versus Q1 2021. Its net income for the quarter was US$111 million compared the US$175 million net loss in the same period last year. Expect the company to pursue M&As and serve the public and private market sectors.

Dividend pioneer

Canada’s Big Five banks are rock-solid investments, but the third largest in the sector should be the top buy. **Bank of Montreal** (TSX:BMO)(NYSE:BMO) is the first company to ever pay dividends to shareholders. Its dividend track record is now 193 years.

At $124.36 per share, the $83.51 billion lender pays a 4.37% dividend. The quarterly dividends should be safe and uninterrupted, given the low 26.23% payout ratio. Note that in late 2021, BMO announced a 25% dividend hike, the highest percentage increase among the bank giants. For Q3 fiscal 2022, management will increase the payout by 6% from Q2 fiscal 2022.

BMO looks forward to having a significant scale and expanded footprint in the U.S. once it obtains approval to acquire the Bank of the West. It expects the deal close by year-end 2022 or early 2023.

Safe oil play

Imperial Oil (TSX:IMO)(NYSE:IMO) isn’t the highest dividend payer (2.22%) in Canada’s vaunted energy sector, but it remains an outstanding choice in the oil patch. Apart from its more than 100-year dividend track record, the $40.45 billion crude oil and petrochemical producer has raised its dividends for 27 consecutive years.

Moreover, Imperial Oil is controlled by American oil giant **ExxonMobil** (69.6%). The company has maintained a strong balance and boasts a long-life oil sands operations. At $61.33 per share, the trailing one-year price return is 66.66%.

Complete package

The three stocks in focus offers instant diversification if you want a complete package for the rest of 2022.

CATEGORY

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2. NYSEMKT:IMO (Imperial Oil Limited)
3. TSX:BMO (Bank Of Montreal)
4. TSX:CSU (Constellation Software Inc.)
5. TSX:IMO (Imperial Oil Limited)

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