



3 TSX Stocks to Buy Before 2021

Description

This year has been a roller coaster for stocks. The COVID-19 crash hit like a [storm](#), only to subside within months. Now, markets are approaching all-time highs.

With just a few months remaining in 2020, it's time to look ahead to 2021.

What types of stocks will succeed in the future? That's more difficult than ever to predict. As Ben Inker of GMO Asset Management recently said, "Uncertainty has seldom been higher."

Uncertainty doesn't mean a lack of opportunity, however. Below are the most attractive stocks to buy before the new year begins.

Buy before the crowd

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) used to be a popular stock back in the days when it controlled 20% of the global market for smartphones. But that was 2008. More than a decade later, the company no longer produces *any* smartphones. In 2020, it's all about cybersecurity software.

Cybersecurity software is one of the hottest segments of the market. Competitors trade at 10 to 30 times trailing sales. BlackBerry stock, however, trades at just three times sales.

The market simply hasn't caught onto the company's new business model, even though it's quite advanced. BlackBerry's QNX platform is already installed in 160 million vehicles worldwide. Its Cylance division uses artificial intelligence to neutralize attacks *before* they occur.

BlackBerry stock will triple when its multiple reverts to the industry mean. That may happen before 2021 begins.

Protect your downside

Hydro One ([TSX:H](#)) is the perfect stock to own if you're worried about another market crash. It all

starts with its business model.

Hydro One mostly owns transmission and distributions infrastructure. For example, it owns power lines that cover 98% of the Ontario province. Importantly, it doesn't own the power-generation assets, nor does it operate as an end-user utility. All it does it operate the power lines in between these parties.

In good times and bad, power consumption is mostly stable. For Hydro One, pricing is also guaranteed, as regulators set prices years in advance. These factors combine to create reliable cash flows, and thus a reliable stock.

The current dividend yield is just 3.9%, but management expects rate-base growth of 5% annually over the next five years. That should give long-term shareholders a chance at 9% total annual returns with very little downside potential.

This stock can soar

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) has proven an incredible investment. Over the past few years, shares rose *20 times* in value. The good news is that the party isn't over.

The most important thing to know is that Shopify is a platform stock. These companies can grow at exponential rates far longer than most realize.

"Shopify is a platform," [wrote](#) Ben Thompson of *Stratechery*. "Instead of interfacing with customers directly, 820,000 3rd-party merchants sit on top of Shopify and are responsible for acquiring all of those customers on their own."

The company simply built the underlying infrastructure for others to take advantage of. It's similar to what **Microsoft** did with Windows.

Shopify stock now has a market cap of \$110 billion, but its addressable market is well into the trillions. This is a great stock to own regardless of timing.

CATEGORY

1. Coronavirus
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TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:BB (BlackBerry)
4. TSX:H (Hydro One Limited)
5. TSX:SHOP (Shopify Inc.)

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