3 Stocks With Tonnes of Cash: Should You Load Up?

Description

When you buy shares of a stock, you're buying a piece of a business. When a business is loaded with cash, it's much harder for it to go bankrupt. It can also use the money to grow the business or buy back stock. Right now, these three **TSX** stocks are filled with cash for different reasons. Let's see if you should load them up.

Shopify stock

Right away, you can tell that **Shopify** (TSX:SHOP)(NYSE:SHOP) stock is doing very well. The growth stock has climbed 147% year to date and 855% in the last three years on the TSX.

The tech favourite raised more than US$1.9 billion on the financial markets through roughly 50/50 in equity and debt offerings in September. At the time, it sold its common shares at US$900 per share. Despite dropping to that level after a run up, the stock has been defensive against that US$900 support level.

The fundraising allowed Shopify to more than double its cash and short-term investments to US$6.1 billion from a year ago.

At US$986 per share, the e-commerce stock trades at almost 34 times forward sales. If you ask any stock analyst what they think about Shopify, they'll give you one word — "expensive!"

But Shopify stock continues to defy gravity. And it seems to have the growth to back it up. At the end of October, it reported third-quarter (Q3) results with revenue growing 96% compared to Q3 2019. This was assisted by its Merchant Solutions revenue growing 132%, driven primarily by the growth of gross merchandise volume, which represents the total dollar value of orders facilitated through the Shopify platform.

Shopify keeps on providing new tools to help merchants sell. It recently launched the TikTok channel that enables merchants to market their products by creating in-feed video ads that autoplay between videos while users scroll through their For You page.

Interested investors can consider nibbling Shopify stock when it dips to roughly US$900 per share (on the TSX or **NYSE**).

Barrick Gold stock

It's not news anymore that Warren Buffett bought **Barrick Gold** (TSX:ABX)(NYSE:GOLD) stock — for good reason, too. Helped by higher gold prices and a solid management team that maintains its high margins, Barrick Gold is gushing cash. It doubled its cash and short-term investments to US$4.7 billion in Q3 year over year.

Central banks were printing money before, but they've been printing even more through the pandemic. So, gold prices will likely stay high in the near term.

Barrick stock is attractively priced with analysts providing an average 12-month price target of US$35.40 per share, which represents near-term upside potential of almost 45%.

Oh, it also pays a dividend yield of close to 1.5%. The next quarterly dividend record date is November 30. So, there's still enough time to grab the stock to receive the upcoming dividend.

Air Canada stock

Air Canada (TSX:AC) stock has been in hot waters with revenues down 86% in Q3 year over year and setting up for a big loss this year.

The airline promptly cut costs and investments in the business to preserve its precious cash. Additionally, it managed to raise funds, beefing up its cash and short-term investments by 32% to US$5.8 billion from a year ago.

However, that was not enough to prevent the stock from being beaten down. The positive vaccine news from **Pfizer** and the like poured some life in the otherwise dead stock, triggering a +40% rally this month.

A path towards normalcy that could come by end of 2021 could be AC stock's ticket to its previous high, which will more than double investors' money.

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:ABX (Barrick Mining)
4. TSX:AC (Air Canada)
5. TSX:SHOP (Shopify Inc.)

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