



## 2 Top Canadian Stocks You'll Want to Add to Your Portfolio in 2021

### Description

As we kick off the new year, Canadians can get a sort of clean slate on their financial situation. You can't snap your fingers and remove thousands of dollars of debt, but you can take the step forward and begin investing in the Canadian stock market.

Investors often shy away from investing in the stock market for two major reasons. First, they think it takes a serious amount of cash to begin. That is far from true. Second, they may have an inaccurate assumption that investing in stocks is extremely risky.

For Canadians looking to take the leap and invest in the stock market, I've covered two top Canadian stocks to get you started.

The two companies are very different, which is why they can act as a perfect duo for the base of your investment portfolio.

### Investing in Canadian banks

An investment in a Canadian bank can act as an excellent cornerstone for any Canadian's portfolio. Growth likely won't be off the charts, but that is more than made up for in other traits.

Reliability and stability are two reasons why you'll want to own a Canadian bank.

The banks are an integral part of the Canadian economy. As a result, the bank's performance depends largely on the health of the economy, which sees much less volatility than other industries, such as technology.

[Technology stocks](#) are much more volatile, because demand can shift on a dime, and the stock could be priced with serious growth expectations.

We saw plenty of prime examples of that in 2020. Revenue growth sky-rocketed for lots of tech companies last year, as the pandemic caused abrupt changes in the market place. As a result, valuation quickly changed, which caused all kinds of volatility throughout the year.

Canadian banks were no exception to the volatility last year. Most of the major banks suffered a crash of close to 20% in the spring of 2020. Most of those losses were recouped, though. The Canadian banks finished the year at roughly the same prices they began the year at.

Last year was a bit of an exception for the banks. The global pandemic led to lower interest rates, which has had a short-term negative impact on the banks. If you're able to hold for the long term, though, I believe the Canadian banks are trading a very opportunistic discount today due to the temporary drop in interest rates.

## Canadian stock #1: Bank of Nova Scotia

If you're sold on the Canadian banks, my [top pick today](#) is **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)).

Scotiabank's market cap of \$80 billion ranks it as Canada's third-largest bank, behind **RBC** and **TD**.

Like each of the other major Canadian banks, Scotiabank has a very impressive dividend. At today's share price, Scotiabank's dividend of \$3.60 per share is equal to a yield above 5%.

Where Scotiabank separates itself from its peers is in its geographic presence. The bank has established itself as a top player within Latin America, specifically in the trade bloc region known as the Pacific Alliance.

## Canadian stock #2: Lightspeed POS

With stability and reliability taken care of, now it's time to add some market-beating growth to your portfolio.

Fortunately for Canadian investors, there's no shortage of high-priced tech companies to choose from.

One of my top Canadian stocks to buy in 2020, and again in 2021, is **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)).

Lightspeed took full advantage of the changing e-commerce and brick-and-mortar landscapes in 2020. It showcased that it's far more than just a point-of-sale hardware provider. Today, Lightspeed is going head to head with much larger competitors, such as **Shopify**, as it now boasts its own robust cloud-based e-commerce platform.

One thing Lightspeed investors definitely need to keep in mind is the stock's valuation. Lightspeed trades today at an extremely expensive price-to-sales ratio of more than 50.

The Canadian banks likely won't see a 30% crash again for a while, but there's not much stopping Lightspeed stock from dropping 30% this year. Growth expectations at that type of valuation means that volatility will be very high for the foreseeable future.

The upside of that insane valuation is that Lightspeed can recover from a 30% crash much faster than a Canadian bank can. Not only that, I believe that there is a very good chance that Lightspeed will continue to be multi-bagger for shareholders for years to come.

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2. Investing
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## TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:LSPD (Lightspeed Commerce)

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## Date

2025/07/21

## Date Created

2021/01/02

## Author

ndobroruka

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