3 Top TSX Stocks to Buy for 2021

Description

After a whirlwind 2020, investors will hope that volatility in stock markets will be significantly lower this year. Most major indexes were crushed in early 2020, as fears of the COVID-19 pandemic spooked investors. However, tech stocks sparked a snapback rally to push equity markets towards record highs by the end of 2020.

While tech stocks are trading at a steep multiple, there are several sectors including retail, energy, and hospitality that remain safe contrarian bets for 2021. Let's take a look at three top picks for investors this year.

Enbridge

The first company on the list is Canada's energy heavyweight **Enbridge** (TSX:ENB)(NYSE:ENB). This diversified energy giant lost 21% in market value last year, which suggests its forward yield is now a tasty 8.2%. This means a $10,000 investment in Enbridge will help you derive $820 in annual dividends.

Enbridge is a Dividend Aristocrat, and the company has increased dividends at an annual rate of 11% since 1995. It suggests investors should expect dividend payments to increase higher in the upcoming years. Enbridge's portfolio of cash-generating assets enables it to generate a steady stream of recurring income across business cycles.

Over 90% of the company's cash flows are backed by long-term contracts, making it one of the safest stocks in the energy sector. Analysts tracking Enbridge have a 12-month average target price of $51 for the stock, indicating upside potential of 25.3%. After accounting for the dividend yield, annual returns will be closer to 33%.

Well Health Technologies

The COVID-19 pandemic has acted as a tailwind for health tech companies such as **Well Health** (
TSX:WELL

). In fact, Well Health stock has been on an absolute tear since it went public back in 2016 and has returned a staggering 8,000% since then.

Well Health owns and manages a portfolio of primary healthcare assets. It also provides digital EMR (emergency medical records) and telehealth services. As the pandemic struck, people had no option but to avail of medical services online, which meant the company's sales are forecast to grow by 51.2% to $49.6 million in 2020.

Analysts expect sales growth to accelerate to 116.6% to $107.44 million in 2021. Well Health stock is trading at a forward price-to-2021 sales multiple of 12, which does not seem too expensive given its robust growth rates.

Bay Street has a 12-month average target price of $10 for Well Health stock, indicating an upside potential of 24% for investors.

Green Thumb Industries

The final stock on the list is **Green Thumb Industries** (CNSX:GTII), a U.S.-based multi-state cannabis company. The stock is up 166% in the last year and has soared 257% in the last three years.

The company has a presence in 11 states south of the border and a portfolio of 48 stores in the United States. There is a good chance for cannabis to be decriminalized in the U.S. in the near future, which will provide easy access to capital for Green Thumb and peers.

The low cost of capital coupled with higher demand will help Green Thumb grow revenue and earnings at a fast clip in the upcoming decade. Analysts expect company sales to rise by 153.6% to US$549 million in 2020 and by 53% to US$841 million in 2021.

The average target price of Green Thumb stock is US$29, which indicates upside potential of 18.4%.

CATEGORY

1. Cannabis Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. CNSX:GTII (Green Thumb Industries)
2. NYSE:ENB (Enbridge Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:WELL (WELL Health Technologies Corp.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Cannabis Stocks
2. Dividend Stocks
3. Energy Stocks
4. Investing

Tags

1. Editor's Choice

Date
2025/09/29
Date Created
2021/01/04
Author
araghunath