2 Must-Own TSX Stocks for 2021

Description

The **S&P/TSX Composite Index** had a rough 2020, including a pandemic-induced market crash in mid-March. On the last trading day of the year, the index closed at 17,433.40, or 55% higher than its low of 11,228.50 on March 23, 2020. As of January 5, 2021, the index climbed even higher to 17,682.51 (+1%), which seems to suggest the rally is continuing in 2021.

Brian Belski, Chief Investment Strategist at **Bank of Montreal**, predicts that Canada's primary stock market will post double-digit gains, leading to a record19,500 by year-end. Notwithstanding the threats of the new coronavirus strain, there are two must-own TSX stocks for 2021. One is a growth stock, while the other is an instant hedge against a market crash.

Growth is for real

For the second straight year, **Real Matters** (TSX:REAL) rewarded investors with massive gains. The tech stock's total return in 2020 was 56%, although this year appears to be more promising. Analysts forecast the share price to breach the $30 mark in the next 12 months.

Real Matters is a $1.69 billion company and a leading network management services provider for the mortgage lending and insurance industries. Its platform is a combination of proprietary technology and network management capabilities. The company's core business is residential real estate appraisals and title and mortgage closing services in the U.S.

The financial results for fiscal 2020 (year ended September 30, 2020) is mighty impressive. Compared with fiscal 2019, consolidated revenue and net revenue grew by 41% and 59%. Notably, the $72.2 million consolidated Adjusted EBITDA was more than double the previous year. Given the low interest-rate environment, purchase and refinance markets in the U.S. will remain robust and drive Real Matters' growth.

Dull investment but safest

If you're seeking capital protection and an uninterrupted income stream in 2021, **Fortis** (TSX:FTS)(NYSE:FTS) is the hands-down choice. This $23.89 billion regulated electric utility company isn't a high-flyer nor the highest dividend payer in the TSX. However, the utility stock is recession-proof and pandemic-resistant.

Fortis operates in various continents where the majority of its regulated utility services are under long-term contracts. Hence, revenue streams and cash flows are secure, stable, and predictable. At $51.20 per share, the dividend yield is a respectable 3.87% dividend. This utility stock is a defensive all-star, and dividend all-star rolled into one.

The company has raised its dividends for 47 consecutive calendar years. Management plans to increase the dividend by 6% annually through 2024. Investors who fear a market crash usually rebalance their portfolios and take a defensive position. Fortis is the go-to name every time. In the pandemic, the utility stock showcased its resiliency again.

Don't think twice

Real Matters is well positioned to scale higher this year as it targets to collar 15% to 20% of the U.S. appraisal market. With interest rates at all-time lows, the mortgage market tailwinds should be stronger and more business opportunities should open up.

Fortis is a no-frills, if not a dull investment. You can't expect much from price appreciation, but the stock can protect your capital. Similarly, it's a holding for the long haul. If income investors need an anchor and a safety net during market uncertainties, this utility stock boast of bond-like features. Your income could be for a lifetime too.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:FTS (Fortis Inc.)
2. TSX:FTS (Fortis Inc.)
3. TSX:REAL (Real Matters Inc.)

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Date
2025/06/29
Date Created
2021/01/09
Author
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