



3 Top Canadian Stocks to Buy Under \$100 for High Returns

Description

After a roller-coaster ride last year, the **S&P/TSX Composite Index** has made a strong start to this year by rising around 3.5% in the first few days of trading. Investors' hope for more stimulus packages and vaccine euphoria continues to drive the market higher. Meanwhile, here are the three Canadian stocks you could buy right now for oversized returns, given their high growth potential.

Green Thumb Industries

The victory of two Democratic candidates in the last week's election in Georgia has shifted the Senate's control towards Democrats. So, with Democrats controlling both Senate and House, we can expect pro-cannabis initiatives, such as the SAFE Banking Act and the MORE Act, to get cleared quickly, thus providing cannabis companies with much-needed access to capital at a cheaper rate.

Further, with five states legalizing their cannabis programs in November and many more to follow suit this year, the United States cannabis market offers high growth prospects. So, given the expansion in the cannabis market, [I am bullish on Green Thumb Industries \(CNSX:GTII\)](#), which has returned over 580% since bottoming out in March.

In its recently reported third quarter, it had reported top-line growth of 31.3% on a sequential basis, driven by strong growth in its consumer packaged goods division and expansion of its retail business. Meanwhile, the company is expanding its production and distribution capabilities by adding a manufacturing facility in Oglesby, Illinois, and adding production and distribution capabilities in its new markets — New Jersey and Ohio.

Further, Green Thumb Industries's margins are also improving, which is encouraging. Its adjusted EBITDA margin improved from 29.6% in the second quarter to 33.9%, mainly due to its cost-cutting initiatives and increased operating leverage. Further, its financial position looks healthy, with its cash and cash equivalents standing at \$78.1 million. Despite the surge in its stock price, the company trades at a forward price-to-sales multiple of 4.5, cheaper than most of its peers.

Magna International

Amid the automotive sector's weakness due to the pandemic-infused lockdown, **Magna International** ([TSX:MG](#))([NYSE:MGA](#)) stock had declined to a low of \$33.22 in March. However, since then, the company stock has increased by over 180%. The improvement in the automotive sector following the reopening of the economy and the announcement of its joint venture with **LG Electronics** to produce electric powertrain components have led to an increase in its stock price.

The electric vehicle market is growing amid the rising concerns over rising pollution and improvement in their performances, thus driving electric powertrain components' demand. *MarketsandMarkets* [expects](#) the global electric powertrain market to grow at an annualized rate of 14.9% over the next seven years to reach US\$191.4 billion by 2027. So, Magna International's recent partnership with LG Electronics could be significant, given the large addressable market. Meanwhile, the transaction could be completed in July this year, after receiving the necessary approvals.

Magna International's valuation also looks attractive, with a forward price-to-earnings multiple of 9.1 and a price-to-book multiple of 1.5.

Northland Power

My third pick would be **Northland Power** ([TSX:NPI](#)), which owns and operates green energy infrastructure assets worldwide. After delivering impressive returns of over 67% last year, the company has continued its upward momentum, with its stock rising 11.2% this year. Meanwhile, with the world moving towards green energy amid the rise in pollution levels and its extensive pipeline of wind projects, I believe the rally in Northland Power's stock price could continue.

In the September-ending quarter, Northland Power had acquired three onshore wind projects in New York, which increased its power-generating capacity by 300 megawatts. Further, these acquisitions could serve as a launchpad to expand its business in the United States's growing renewable energy market. With liquidity of \$704 million, the company is well positioned to fund its growth initiatives. The company also pays monthly dividends of \$0.10 per share, with its dividend yield currently standing at 2.4%.

CATEGORY

1. Cannabis Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. CNSX:GTII (Green Thumb Industries)
2. NYSE:MGA (Magna International Inc.)
3. TSX:MG (Magna International Inc.)
4. TSX:NPI (Northland Power Inc.)

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