



## 2 Top Canadian Stocks to Buy in 2021

### Description

The **TSX** market tends to underperform compared to the **NYSE**. However, as the economy recovers from the pandemic, the year 2021 could be a good year for the TSX market, which is more heavily weighted towards natural resources such as oil, gas, and base metals.

Below are two of my top Canadian stock ideas that can deliver strong performance in 2021.

### A top Canadian cyclical stock to buy in 2021

**TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)) is a value investment that provides a big dividend and decent upside potential. It owns a substantial network of oil and gas energy infrastructure assets in North America with a 75% weight (in terms of comparable EBITDA) in natural gas pipelines.

While many energy stocks were hit hard, the company's results were very stable. It only experienced marginal declines in revenue, cash flow, and comparable earnings per share.

The business has been defensive, but the stock was still depressed from the negative sentiment in the energy sector. A resurgence in the energy sector would help lift the stock.

This Canadian dividend stock pays a juicy 5.7% dividend and is on sale today. Analysts estimate a 12-month upside potential of about 23%.

### A top growth stock for 2021

Low interest rates should drive greater demand for **Brookfield Asset Management's** ([TSX:BAM.A](#))([NYSE:BAM](#)) offerings that have a pattern of beating market returns in the long run.

The global alternative asset manager invests alongside its investors. So, it's a win-win situation. BAM earns management and performance fees from the assets it manages. It's a value investor and operator who has an eye for identifying top-notch assets or assets it can add value to as a superb

operator.

Institutional investors keep coming back for more of BAM's investment funds, because of the company's track record of generating market-beating returns from investing in top-notch assets. Many of these assets also generate a stable stream of cash flow, which attracts a stable pool of long-term investors.

Ultimately, BAM aims for annualized returns of 12-15% for its investors. This means that if you buy the growth stock on sale, you can realize even greater total returns.

The top growth stock has multiple ways of growing. In its next round of flagship funds across real estate, private equity, infrastructure, and credit investments, it plans to raise approximately US\$100 billion, up from US\$57 billion from the previous round.

In the first half of 2021, BAM will be spinning off its insurance business, which it plans to expand substantially in this favourable low interest rate environment. It's also planning to start a technology fund that could be spun off like its other subsidiaries when it reaches a considerable size.

## The Foolish takeaway

Investors should be excited about the straightforward money-making opportunities present in TC Energy and Brookfield Asset Management. I believe they're top Canadian stocks to buy in 2021.

Both are attractive and offer upside potential of 23% and 28%, respectively, over the next 12 months. Furthermore, they offer securely growing dividends. [TC Energy](#) will probably increase its dividend by about 5-8% a year, while [Brookfield Asset Management](#) can increase its dividend at a faster pace.

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1. Dividend Stocks
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1. Editor's Choice

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2. NYSE:TRP (Tc Energy)
3. TSX:BN (Brookfield)
4. TSX:TRP (TC Energy Corporation)

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### Date

2025/07/27

### Date Created

2021/01/20

### Author

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