



3 Top TSX Stocks I'd Bet on in 2021

Description

2021 is expected to be a profitable year for equity investors. I believe the uptrend in top Canadian stocks is likely to sustain in 2021, thanks to the widespread vaccination and expected recovery in corporate earnings. Besides, the rapid expansion of e-commerce could provide strong growth opportunities for companies providing the omnichannel commerce-enabling platform.

Here are three top **TSX** stocks that delivered strong returns in 2020 and are likely to outperform the benchmark index in 2021 as well.

goeasy

goeasy ([TSX:GSY](#)) has consistently delivered solid returns for its shareholders. Its stock has surged about 546% in five years. Moreover, it has increased by about 54% in one year despite a challenging operating environment and deceleration in loan growth.

So far, goeasy stock is up over 8% this year, and the [uptrend is likely to sustain](#) on the back of increased consumer demand and loan growth. The easing of lockdown measures and vaccine development could drive credit demand, which is expected to support its loan portfolio growth.

The company is witnessing an uptick in credit demand and is likely to deliver double-digit revenue and earnings growth in 2021. Meanwhile, new customer additions, product and channel expansion, and productivity savings are likely to cushion its earnings. Thanks to its high-quality earnings base, goeasy could continue to boost its shareholders' returns through higher dividend payments. It has raised its dividend for six years in a row and offers a decent yield of 1.7%.

Lightspeed

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) stock is expected to benefit from the structural shift towards the omnichannel platform. As businesses continue to shift toward omnichannel payment platforms, the demand for Lightspeed's digital products and services is likely to stay elevated.

Lightspeed could continue to benefit from a large addressable market that includes millions of small and medium-sized businesses. Meanwhile, its diverse and growing customer base could continue to support its financial performance, in turn, its stock.

The company's organic revenues are expected to benefit from the continued addition of new customer solutions and modules to its platform. Further, its acquisitions of POS platforms are likely to accelerate its growth rate. Lightspeed's payment processing solutions are expected to deliver outsized growth and enable the company to monetize a higher portion of its customer GTV (gross transaction volume).

Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is one stock that I believe should be part of every investor's portfolio. The spending on online and mobile commerce could continue to rise in 2021 and beyond, providing a solid [underpinning for growth](#).

Shopify's market share growth positions it well to capitalize on the strong demand. The secular tailwinds, expansion of sales channels on its platform, and addition of high-value products are likely to bolster Shopify's growth. Its monthly recurring revenues are growing at a brisk pace. Meanwhile, the company is witnessing healthy growth in its paid subscriber base, which is likely to continue to drive Shopify stock higher over the next decade.

Bottom line

I expect these three top TSX stocks to deliver solid returns in 2021 despite economic uncertainties. However, I would advise investors to have a longer-term outlook as these stocks have strong growth catalysts to continue to outperform the broader markets over the next decade.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:GSY (goeasy Ltd.)
4. TSX:LSPD (Lightspeed Commerce)
5. TSX:SHOP (Shopify Inc.)

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