



3 Best TSX Stocks for Sky-High Returns in 2021

Description

Equities have delivered sky-high returns in the past several months, reflecting strong buying and improving economic outlook. Thanks to the recent run-up in stocks, most of the Canadian stocks are appearing overvalued. While valuations look a bit stretched, a few **TSX**-listed stocks have the potential to deliver stellar returns in 2021 as well.

Here are three such TSX stocks that are likely to outperform the broader markets by a significant margin and deliver robust returns.

goeasy

goeasy ([TSX:GSY](#)) is one of my [top stock picks](#) for 2021. The sub-prime lender has a history of consistently delivering outsized returns. Its stock has appreciated by 258% in three years. Meanwhile, it is up about 22% so far in 2021. Moreover, it has boosted its shareholders' returns through higher dividend payments. goeasy has been paying dividends for the last 17 years, while its dividends have grown at a compound annual growth rate of 34% in seven years.

Its revenues increased by 7% in 2020. Meanwhile, its adjusted EPS increased by 46% year-over-year, which is encouraging.

I believe a large addressable market, growth in loan portfolio, strong credit performance, and lower loan protection insurance claims are likely to drive goeasy's revenues and earnings, in turn, its stock. goeasy projects double-digit growth in its revenues over the next three years. Moreover, its bottom line could continue to rise at a breakneck pace, driving its dividends.

Dye & Durham

Dye & Durham ([TSX:DND](#)) is another high-growth company that I believe could continue to [deliver outsized returns](#) in 2021. Its revenues and adjusted EBITDA are growing at an astounding pace, in turn, are driving its stock higher. Continued strength in its base business and its accretive acquisitions are driving its top line, in turn, its EBITDA.

In the most recent quarter, Dye & Durham's revenues and adjusted EBITDA soared by about 96%. I expect the momentum to sustain in 2021, which is likely to push Dye & Durham stock higher. Its revenues are likely to increase at a strong double-digit rate. Meanwhile, its adjusted EBITDA is projected to increase by 75% in Q3.

Dye & Durham's strong customer base, geographic expansion, and recent acquisitions are likely to bolster its growth in the coming years.

Shopify

The uptrend in **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) stock could continue in 2021, thanks to the favourable industry tailwinds. Shopify is benefitting from the structural shift towards a multichannel platform. Shopify's revenues soared 86% in 2020. Meanwhile, its gross merchandise volume (GMV) jumped 96%. Thanks to the robust demand for its platform and operating leverage, Shopify reported adjusted EPS of \$3.98 a share compared to \$0.30 in 2019.

I believe the expansion of the fulfillment network, growing adoption of its retail POS offerings, and the ongoing shift towards the e-commerce platform is likely to drive its financials, in turn, its stock in 2021.

Compared to 2020, Shopify's GMV growth could moderate a bit in 2021. However, the momentum in its merchant services and subscription solutions business is likely to sustain and drive its revenues. Its payments, shipping, and capital offerings are likely to support its sales.

Increased spending on e-commerce, higher demand, and Shopify's dominant positioning bode well for future growth.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:DND (Dye & Durham Limited)
3. TSX:GSY (goeasy Ltd.)
4. TSX:SHOP (Shopify Inc.)

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Date

2025/08/23

Date Created

2021/02/18

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