Got $1,000? 3 Best TSX Stocks to Buy for 2021

Description

TSX stocks at large are up more than 65% since the pandemic-led crash last year. If you feel you lost a lucrative opportunity, you still have not missed the bus. The rally will likely last longer as many TSX stocks are still trading at a reasonable valuation. If you are looking to invest for the long term, consider these Canadian giants.

Constellation Software

The country's second-biggest tech company **Constellation Software** (TSX:CSU) could soon start a new growth chapter. Its recent letter to shareholders highlights how the company can unlock value to its shareholders in the future.

The company plans to trim or stop shareholder dividends to create a bigger reserve for acquisitions. Constellation Software is a financially sound company that acquires smaller software companies. The $36 billion software giant has exhibited enormous growth, led by acquisitions for the last several years. CSU stock has returned 3,900% in the last decade, absolutely thrashing TSX stocks.

CSU shareholders will not mind dividend cuts if the same capital is used for growth. This time, the company intends to go for even bigger deals. Notably, its previous acquisitions and ensuing numbers speak for the management's expertise. Thus, although CSU shareholders might have to give up on the tiny dividends, even superior growth opportunity seems to knock on their doors.

AltaGas

After a growth stock, I will pitch you one stable, dividend-paying stock. It is a Canadian midstream oil and gas company **AltaGas** (TSX:ALA). It is a $5 billion natural gas and utility company. A large portion of its earnings comes from regulated operations, facilitating stability and regular dividends.

AltaGas stock yields more than 5%, higher than TSX stocks on average. It pays monthly, reliable dividends. Along with a passive income, AltaGas stock looks attractive for capital appreciation for the future.

AltaGas stock has seen a relatively slower recovery after the crash in March last year. It is still trading 15% lower than its pre-pandemic levels. This represents an opportunity for investors given the handsome growth prospects and recovering energy markets.

Air Canada

The year 2020 was the bleakest year for **Air Canada** (TSX:AC) and its investors. The earlier year brought in profits of $1.5 billion, while the pandemic knocked in and forced the flag carrier to book a loss of $4.65 billion in 2020.

Despite a big loss, few factors could drive Air Canada stock higher this year. First and foremost is government aid. Air Canada expressed big optimism over the long-expected federal support in its earnings call last week.

The flag carrier is comfortable at the moment with its strong liquidity position. However, a slower recovery of the air travel market could pose a serious threat to it. The government aid could come in highly handy in that case.

Additionally, Air Canada's cash burn rate has been relatively slower than global peers. Similar disciplined capital management in 2021 will likely take it out from this unprecedented crisis.

Air Canada stock is trading 50% lower than its pre-pandemic levels. It could take longer-than-expected to reach those levels, but it remains an attractive bet for the long term.

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2. TSX:ALA (AltaGas Ltd.)
3. TSX:CSU (Constellation Software Inc.)

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