



4 Top Canadian Stocks That Can Deliver Superior Returns in 2021

Description

The equity markets could witness volatility in the near-term amid rising bond yields, higher valuations, and investors looking to rotate their portfolios. However, I believe the following four Canadian stocks could deliver superior returns this year, given their growth initiatives and strong sectoral tailwinds.

goeasy

goeasy ([TSX:GSY](#)) has returned over 35% this year, comfortably outperforming the broader equity markets. Along with its impressive fourth-quarter performance, the expectation of strong economic recovery amid ramping up of the vaccine distribution has driven the company's stock price. Meanwhile, I believe the uptrend could continue, driven by higher loan origination due to economic expansion, the introduction of newer products, and geographical expansion.

The company's management has also set a [promising outlook](#) for the next three years. The management expects the company's top line to grow at the rate of 12%, while return on equity could grow even faster at 25%. Supported by its high-quality earnings, goeasy's board has raised its dividends at a CAGR of 34% since 2014. Currently, the company pays quarterly dividends of \$0.66 per share, representing a dividend yield of 2%.

Suncor Energy

Amid the expectation of recovery in oil demand, **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)) has increased by over 32% this year. Despite the increase, the company's valuation still looks attractive, with its price-to-book and forward price-to-sales multiples standing at 1.2 and 1.3, respectively.

Further, the company's management expects its production and asset utilization rate to improve this year. Industry experts are projecting oil prices to remain at higher levels for the rest of this year. Given its integrated business model and low-cost asset base, the company is well positioned to benefit from higher oil prices. So, I expect [Suncor Energy to deliver superior returns this year](#). Besides, shareholders can also enjoy quarterly dividends, with its forward yield currently standing at 3%.

BlackBerry

Amid the pandemic, more people have started to work, learn, and shop from their homes. This shift has also increased the threats of cyberattacks. So, cybersecurity spending could rise, benefiting **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)), which specializes in endpoint security services. Currently, the company secure 500 million endpoints, including 175 million cars.

The company has significant exposure to the automotive sector. Meanwhile, BlackBerry is looking at strengthening its position as a software provider for automakers through its recent partnerships with **Amazon** Web Services and **Baidu**. Further, the company could also benefit from the growing demand for autonomous cars. So, I believe multiple growth drivers and recurring revenue streams could drive BlackBerry's financials and stock price this year.

Magna International

Amid the concerns over rising pollution levels, people are shifting towards electric vehicles (EVs). Meanwhile, *Fast & Factor* has projected that the EV market could reach \$700 billion by 2026, representing an average annualized growth rate of 22%. Given the sector's high-growth potential, I have selected **Magna International** ([TSX:MG](#))([NYSE:MGA](#)), the third-largest auto component manufacturer, as my final pick.

The company's joint ventures with Beijing Electric Vehicle Company and LG Electronics offer high-growth prospects. Apart from these joint ventures, the company also produces a wide range of electric powertrain products, which could benefit from the customers' transition towards EVs. Meanwhile, the company's management projects that by 2023, 50% of its production units would be for EVs.

Despite the recent surge in its stock price and its healthy growth prospects, Magna International still trades at an attractive forward price-to-earnings multiple of 12. It also pays quarterly dividends of \$0.43 per share, with its forward dividend yield standing at 1.5%. So, I believe Magna International would be an excellent buy right now.

CATEGORY

1. Energy Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. NYSE:MGA (Magna International Inc.)

3. NYSE:SU (Suncor Energy Inc.)
4. TSX:BB (BlackBerry)
5. TSX:GSY (goeasy Ltd.)
6. TSX:MG (Magna International Inc.)
7. TSX:SU (Suncor Energy Inc.)

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