



## 4 Top Canadian Stocks That Can Deliver Superior Returns in 2021

### Description

Despite the near-term volatility, the long-term outlook looks positive for the Canadian equity markets. The expectation of recovery in demand and economic expansion could drive the markets in the second half of 2021. Meanwhile, here are four Canadian stocks you could buy right now to earn oversized returns this year.

### Enbridge

After a tough 2020, **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)) has made a solid start to this year, with its stock price rising 15%, comfortably outperforming the broader equity markets. However, the company is still trading over 13% down from its pre-pandemic levels, offering an excellent buying opportunity. Its valuation also looks attractive, with its forward price-to-earnings and forward price-to-sales multiple standing at 17.9 and 2.2, respectively.

The improvement in oil demand amid economic expansion could increase Enbridge's asset utilization rate, boosting its financials. Further, the company is progressing with its [\\$16 billion growth projects](#), supporting its 5-7% DCF-per-share growth through 2023. Besides, the company also rewards its shareholders with quarterly dividends. Its yield currently stands at a healthy 7.1%. So, given its healthy growth prospects, attractive valuation, and high dividend yield, I believe [Enbridge could deliver superior returns this year](#).

### goeasy

After delivering impressive returns of around 39% last year, **goeasy** ([TSX:GSY](#)) has continued its uptrend, with its stock price trading around 25% higher this year. Its impressive fourth-quarter performance and management's promising guidance for the next three years have driven its stock higher. The management expects its top line to grow at a rate of approximately 12% over the next three years, while its return on equity could exceed 25%.

With the improvement in economic activities, loan origination and repayments could increase, boosting

its financials. Further, the underserved sub-prime market and the company's geographical expansion offer strong growth prospects. Besides, goeasy has raised its dividends at a CAGR of 34% since 2014. Last month, the company had increased its 2021 dividends by 47% to \$2.64, offering a forward dividend yield of 2.2%.

## Magna International

My third pick would be **Magna International** ([TSX:MG](#))([NYSE:MGA](#)), the third-largest auto component manufacturer in the world. After returning over 34% last year, the company is trading around 20% higher this year. Its impressive fourth-quarter performance and robust management guidance for the next three years have boosted its stock price.

Meanwhile, I believe the uptrend could continue, given its significant exposure to the high-growth electric vehicle (EV) market. The company's joint venture with Beijing Electric Vehicle Company and LG Electronics could be vital given the EV sector's growth potential. Apart from these joint ventures, the company also produces a wide range of electric powertrain products. Meanwhile, the management expects that by 2023, 50% of its production would be for EVs.

Magna International also rewards its shareholders through quarterly dividends, with its forward yield currently standing at 1.6%.

## Aphria

Amid the weakness in the cannabis sector, **Aphria** (TSX:APHA)(NASDAQ:APHA) has corrected over 47% from its recent highs. The fear of cannabis stocks becoming Reddit users' target has dragged the company's stock price down. Meanwhile, I believe investors should utilize the sharp pullback to accumulate the stock, given the sectoral tailwind and the company's growth prospects.

Aphria has launched higher-potency products to strengthen its market share in the Canadian recreational market. The recent acquisition of SweetWater Beverage Company could help expand its operations in the lucrative U.S. cannabis market. Further, its proposed merger with **Tilray** could increase its market share in domestic and international markets and save around \$100 million in synergies within two years of completing the transaction.

## CATEGORY

1. Cannabis Stocks
2. Energy Stocks
3. Investing

## TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. NYSE:MGA (Magna International Inc.)
3. TSX:ENB (Enbridge Inc.)
4. TSX:GSY (goeasy Ltd.)
5. TSX:MG (Magna International Inc.)

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