



2 Top Canadian Stocks to Buy in April 2021

Description

It's been a bumpy ride, but the Canadian market is off to a strong start this year. The **S&P/TSX Composite Index** is now up more than 5% since the beginning of 2021. In comparison, that same index was barely positive last year.

Volatility remains high in the market, as there is still a lot of uncertainty surrounding the reopening of the country. Vaccines are continuing to be distributed, but businesses are still in a difficult position to predict what revenue levels will look like throughout the year.

The big question remains regarding how the stock market will react during the country's eventual reopening this year. There's plenty of investor optimism in the market right now, but you could make a case that much of that optimism is already priced into the market.

Long-term investors don't need to sweat the short-term movements in the market, though. If your time horizon is in the range of five-plus years, your focus shouldn't be on trying to predict how the market will fare this year. Instead, I'd suggest looking to add a top market-leading company or two to your portfolio.

With that in mind, I've covered two top Canadian stocks that any long-term investor would be wise to consider adding to their portfolio this month. The two companies are very different, so investors may want to pick up shares of both stocks. Together, shareholders could benefit from passive income, broad geographic exposure, and [market-beating growth](#) potential.

Canadian bank stocks are on fire

Don't look now, but Canadian bank stocks are soaring. That should come as a relief to shareholders as 2020 was a tough year for the Big Five.

The drop in interest rates have had a negative impact on both the bank's bottom lines and share prices. But even though interest rates may not be surging up just yet, investors seem to be noticing how [undervalued](#) the Canadian banks are right now.

At the top of my list of banks is **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). The \$150 billion bank has something to offer all types of investors. It's been a market beater over the long term, has a top dividend yield, and is still very reasonably priced.

Since the beginning of 2021, shares of TD Bank are up more than 10%. That's good enough for more than doubling the returns of the Canadian market. Growth isn't the main reason I've got this Canadian stock on my watch list, though.

The Canadian banks own some of the top dividend yields today, and TD Bank is no different. At today's price, the Toronto-headquartered bank's annual dividend of \$3.16 per share is nearing a yield of 4%.

The final reason to consider adding this bank stock to your portfolio is for its geographic exposure. It's not uncommon for a Canadian bank to have an international presence, which TD Bank does indeed have. What has me interested is the bank's U.S. presence, in particular.

About one-third of the bank's net income is driven from the U.S., making it one of the top-10 largest banks in the country based on total asset size. That not only could give your portfolio much-needed diversification but exposure to a fast-growing economy, too.

Investing in the growth of the renewable energy sector

Bank stocks might be flying, but they are no match for renewable energy stocks. The green energy sector as a whole may not be off to a hot start this year, but over the next decade, this is one of the sectors I'm most bullish on.

For investors looking for just one green energy pick that can do it all, **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) is the stock for you. Similar to TD Bank, the stock provides shareholders with growth, [passive income](#), and broad geographic exposure.

Even though the green energy stock does own an impressive 3% dividend yield, growth potential is the main reason I'm a shareholder today.

Over the past five years, shares of Brookfield Renewable Partners are up a market-beating 160%. That may be a tough act to follow, but I think the growing sector could see the green energy stock improve on that over the next five years.

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Author

ndobroruka

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