



4 Top TSX Stocks to Outperform the Benchmark Index in 2021

Description

Despite the uncertainty and near-term volatility, a few TSX listed stocks are likely to deliver stellar returns and outperform the benchmark index significantly. Here's the list of four TSX stocks that I believe could handily beat the broader markets with their returns in 2021.

The economic expansion and recovery in consumer demand will likely boost these stocks and drive them higher.

goeasy

goeasy ([TSX:GSY](#)) has consistently made its investors rich. Its stock has appreciated by about 2,134% in the past 10 years. Meanwhile, it has surged nearly 51% this year. Besides stock price appreciation, goeasy has boosted its shareholders' returns by increasing its dividends at a solid double-digit rate in the last seven years.

Its stellar financial performance backs the astounding growth in its stock price and its solid dividend payments. Notably, goeasy's revenues and earnings have grown at a breakneck pace over the past two decades. Further, the economic expansion, increase in its loan portfolio, growing secured loans, product and channel expansion, and a large non-prime lending market suggests that goeasy's top and bottom line could continue to rise at a high double-digit rate, which, in turn, is expected to support the uptrend in its stock and drive its future dividends.

Bank of Montreal

Bank of Montreal ([TSX:BMO](#))([NYSE:BMO](#)) has impressed with its stellar financial performance in the last two quarters, and I expect the momentum in its business to sustain in 2021 and beyond. Bank of Montreal's loans and deposits volumes are growing at a healthy pace. Meanwhile, its diversified revenue sources suggest that the bank is set to deliver solid top-line growth in 2021.

While its top line is expected to show improvement, operating leverage and a significant decline in the credit provisions are likely to drive its profitability and future dividend payments. Furthermore, Bank of Montreal is trading at a discount to peers, indicating further

[upside to its stock.](#)

Absolute Software

Absolute Software ([TSX:ABST](#))([NASDAQ:ABST](#)) stock is up about 19% year to date, and I see further upside owing to its attractive valuation, favourable industry trends, and its large addressable market. I expect the spending on cybersecurity threats to continue to increase in the future, driving higher demand for Absolute Software's endpoint security products.

Absolute Software's annual recurring revenues are growing at a breakneck pace. Meanwhile, its robust new product pipeline, zero-debt balance sheet, customer growth, and high retention rate suggest that Absolute Software could continue to deliver strong financial results in the coming years. It faces low direct competitive activities, which is a positive. Meanwhile, its [stock trades cheaper](#) than peers at current levels.

Suncor Energy

Suncor Energy ([TSX:SU](#))([NYSE:SU](#)) is expected to gain big from the higher crude oil prices and improving demand. The crude prices could continue to trade higher in 2021, despite the upward pricing pressure, providing a solid base for growth.

I believe Suncor's integrated assets, higher production volumes, and increased average realized prices are likely to drive its revenues and earnings. Meanwhile, Suncor's lower cost base is expected to cushion its earnings. Suncor could enhance its shareholders' returns through share buybacks. Further, I expect the company to announce a hike in its dividends soon. Its stock is still trading cheap compared to the pre-COVID levels and offers a yield of 3.3%.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Energy Stocks
5. Investing
6. Tech Stocks

TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. NYSE:SU (Suncor Energy Inc.)
3. TSX:ABST (Absolute Software)
4. TSX:BMO (Bank Of Montreal)
5. TSX:GSY (goeasy Ltd.)
6. TSX:SU (Suncor Energy Inc.)

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