The 3 Best TSX Stocks I'd Buy With $300 for 2021

Description

The stock market remains volatile as high valuations, uncertainty over the pace of economic recovery, and rising COVID-19 cases keep investors on edge. Despite the short-term challenges, I see strong growth opportunities in a few **TSX**-listed stocks and expect them to outperform the benchmark index by a significant margin in 2021.

goeasy

goeasy (TSX:GSY) is one of the top price performers and has consistently outperformed the market in the past several years. Its stock has surged over 300% in one year and is up about 48% this year. I expect the uptrend in goeasy stock to sustain on the back of higher demand and growth in its loan portfolio.

Notably, goeasy's revenues have grown at a compound annual growth rate (CAGR) of 12.8% since 2001. Meanwhile, its adjusted EPS increased by a CAGR of 29.3% during the same period. I expect the momentum in goeasy's revenues and EPS to sustain, which is likely to drive its stock higher. The economic expansion is expected to drive goeasy's loan portfolio, in turn, its revenues. Further, omnichannel offerings, geographic expansion, new products, large sub-prime lending market, and increased penetration of secured loans are likely to accelerate its top-line growth rate.

goeasy expects to report strong double-digit growth in its top line over the next three years. Solid revenues and robust payments volumes are likely to drive stellar growth in its margins, in turn, its adjusted EPS. Further, goeasy could continue to boost its shareholders' returns through increased dividend payments. goeasy's dividends have grown at a CAGR of 34% in the last seven years, and I expect goeasy to continue to increase its dividends at a similar pace in the coming years.

Docebo

Docebo (TSX:DCBO)(NASDAQ:DCBO) delivered exceptional returns in 2020. However, its stock is down about 25% this year due to the expected normalization in demand. I view the pullback in Docebo stock as an opportunity to go long on this high-growth company. Further, I believe the demand for its cloud-based e-learning platform could remain elevated despite the reopening of the economy.

The growing emphasis on corporate learning and stellar momentum in its recurring revenues provides a solid base for growth. Docebo's customer base is growing at a higher rate. Meanwhile, its recurring revenues have increased at a CAGR of 65% since 2016.

The company is heading toward profitability, which could give a significant boost to its stock. Its increasing deal size, improving productivity, growing scale, high customer retention rate, long-term contracts, and up-selling opportunities are likely to drive its margins, in turn, its stock price.

Cineplex

Cineplex (TSX:CGX) took a massive hit and lost a significant portion of its value as its movie theatres and entertainment venues barely operated amid the pandemic. However, vaccine distribution and hopes of the recovery in consumer demand led to a stellar recovery rally in Cineplex stock, which increased more than 127% in six months. Furthermore, Cineplex stock is up about 38% this year.

Despite the recent run-up in Cineplex stock, I see further upside as it is still trading at an attractive discount compared to the pre-pandemic levels. I expect a solid sequential improvement in Cineplex's top and bottom-line in the coming quarters. Its capacity is expected to improve, while net cash burn is likely to go down steeply.

Cineplex could soon return to normal operating levels. Meanwhile, its lower cost base is likely to cushion earnings. I believe investors with a long-term view shouldn't miss the opportunity to buy Cineplex stock at current price levels.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. TSX:CGX (Cineplex Inc.)
3. TSX:DCBO (Docebo Inc.)
4. TSX:GSY (goeasy Ltd.)

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snahata