



3 Top TSX Stocks to Buy for May 2021

Description

The equity markets continue to touch record highs, despite a sluggish global economy and rising COVID-19 cases. While technology stocks have crushed the broader markets in the last year, there are a few companies that are still available at attractive valuations. Here, we'll look at three such stocks that should move higher in May 2021.

Brookfield Renewable Partners

While **Brookfield Renewable Partners** ([TSX:BEP.UN](#))([NYSE:BEP](#)) has been a solid wealth creator for long-term investors, it is currently trading 20% below its record high. This gives investors an opportunity to buy a stock with a forward yield of over 3%.

Earlier this month, Brookfield sold around 400 MW of its wind-powered assets to **NextEra Energy**. Brookfield's total wind-power generating capacity is close to 4,700 MW, so this asset sale accounts for around 8% of its portfolio in this vertical. Brookfield also [sold its onshore wind operations](#) in the U.K. to Denmark-based company Orsted.

These asset sales will help Brookfield derive over \$1.3 billion, which will be reinvested in other expansion projects and acquisitions. Brookfield is optimistic about growing its cash flow per share at an annual rate of 10% through 2025, despite the above-mentioned sales, allowing it to support dividend increases going forward.

Enbridge

When it comes to investing in quality TSX stocks, it's difficult to ignore **Enbridge** ([TSX:ENB](#))([NYSE:ENB](#)). One of the largest energy companies in North America, Enbridge has a diversified base of cash-generating assets that has allowed it to increase dividends at an annual rate of 10% in the last 26 years.

Despite falling oil prices in 2020, Enbridge's robust contract-based business model meant the company

increased its distributable cash flow per share last year. Enbridge's management has a payout target ratio of between 60% and 70%, which will help the company invest in capital expansion projects and increase dividend payouts in the future as well.

Enbridge stock currently has a tasty forward yield of 7.15%. It's also trading 11% below average analyst price target estimates, making ENB stock a top bet for income and value investors. Enbridge continues to invest heavily in the renewable energy space, which will help it diversify its asset base and drive top-line growth in the upcoming decade.

Shopify

Another top TSX stock that has lost momentum in recent times is e-commerce giant **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). The largest Canadian company in terms of market cap, Shopify has been [a top-performing stock](#) ever since it went public back in 2015. Shopify stock has returned over 4,000% since its IPO and is now trading 18% below its record high.

While investors are concerned over its steep valuation, they should not discount Shopify's enviable growth rates. In 2020, the company managed to increase sales by 86% year over year. Analysts tracking the stock expect Shopify sales to increase by 40.5% to \$4.12 billion in 2021 and by 31.6% to \$5.4 billion in 2022. Further, Shopify is forecast to grow earnings at an annual rate of over 50% between 2022 and 2026.

The COVID-19 pandemic has acted as a massive tailwind for Shopify and other e-commerce peers. This has accelerated the online shopping trend, making Shopify one of the top stocks to watch out for in the upcoming decade.

CATEGORY

1. Investing
2. Tech Stocks

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1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:ENB (Enbridge Inc.)
6. TSX:SHOP (Shopify Inc.)

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