Where to Invest $1,000 When TSX Stocks Are at All-Time High

Description

Since last year, TSX stocks at large have rallied almost 35%, marking one of the most remarkable recoveries in decades. Canadian markets are currently loitering close to their all-time highs. But does that mean stocks will correct soon?

Probably not. Impeding economic recovery, re-opening hopes, and stronger corporate earnings growth will likely continue to boost stocks even higher. Of course, challenges like uneven recovery and inflation still pose a threat to the ongoing rally. However, upbeat indicators still dominate bearish ones that suggest a great track for stocks ahead.

If you are looking to invest for the long term, here are some of the top TSX stocks that offer decent return potential.

goeasy

Very few stocks are currently trading at attractive valuations. Top consumer lender **goeasy** (TSX:GSY) is one of them. It is up 55% so far this year and 250% in the last 12 months. Despite its vertical run-up, the stock still looks undervalued and offers handsome growth prospects.

A $2 billion company, goeasy provides secured and unsecured loans to non-prime customers. It has seen superior growth in the last two decades, driven by consistent profitability. goeasy completed the acquisition of Lendcare, a point-of-sale consumer finance company for $320 million, last week. The acquisition will expand goeasy's product base and geographical footprint, which should bode well for its earnings growth.

Canada's non-prime lending market is valued at around $196 billion. Interestingly, goeasy has significant growth potential in this underserved market, because the country's Big Six banks generally do not cater to this segment. A healthy balance sheet, robust risk management, and attractive valuation make GSY stock an attractive pick in these kinds of markets.

Enbridge

Consider **Enbridge** (TSX:ENB)(NYSE:ENB) for stable dividends and decent capital gains. If you invest $1,000 in ENB stock, it will make approximately $70 in dividends every year. The dividend payout will increase every year, as the company increases its profits.

For the last 26 consecutive years, midstream energy giant Enbridge has increased its dividends. Importantly, the dividend-growth rate in all these years has been above 10% compounded annually — way above average inflation.

Enbridge yields 7% at the moment, one of the highest among TSX stocks today. But will it continue to pay such handsome dividends in the future?

The company earns its cash flows from low-risk, long-term contracts, making its earnings much more visible. Such earnings visibility and stability fund shareholder payouts. Thus, it seems highly likely that Enbridge will continue to pay robust dividends to its shareholders for years.

Maple Leaf Foods

My third pick is from the evergreen food-processing industry, and that's **Maple Leaf Foods** (TSX:MFI). It is a $3.5 billion consumer protein company that hosts popular brands Maple Leaf Prime, Schneiders, Lightlife, and Field Roast.

In 2020, the company saw handsome growth where its profits increased by more than 50% against 2019. The company is aggressively investing in high-growth areas like sustainable meat and plant-based protein. The company could see higher operational performance driven by a diverse product base and distribution channel mix in the next few years.

MFI stock is up almost 15% in the last 12 months. Importantly, the company is currently operating with an adjusted EBITDA margin of close to 10%, while it expects it to increase to 15% by next year. Improved profitability and margin expansion could drive the stock higher in the long term.

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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:GSY (goeasy Ltd.)
4. TSX:MFI (Maple Leaf Foods Inc.)

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