



3 Top Canadian Stocks That Can Deliver Superior Returns in 2021

Description

The better-than-expected February retail sales and improvement in corporate earnings have led the Canadian equity markets to rise, with the **S&P/TSX Composite Index** up over 10% for this year. The uptrend could continue amid the reopening of economic activities and economic expansion. Meanwhile, here are three Canadian stocks that you can buy right now to earn superior returns this year.

TC Energy

The pandemic-induced lockdown led oil demand to fall, lowering the asset utilization rate of **TC Energy** ([TSX:TRP](#))([NYSE:TRP](#)), which weighed on its financials and stock price. The company is currently trading at over 11.5% lower than its January 2020 levels. The correction has dragged its valuation to attractive levels, with its forward price-to-earnings multiple standing at 14.9.

Meanwhile, the widespread vaccination could lead to the reopening of the economy in the second half of this year. The reopening of the economy and economic expansion could drive oil demand, benefitting TC Energy. Meanwhile, the company is also [progressing with its \\$20 billion worth of secured growth projects](#), with \$4.2 billion worth of projected expected to put into service this year. So, the company's growth prospects look healthy. Besides, the company also pays quarterly dividends, with its forward yield standing at an attractive 5.7%.

Magna International

Second on my list would be **Magna International** ([TSX:MG](#))([NYSE:MGA](#)), which trades 28.5% higher for this year, beating the broader equity market. Its impressive fourth-quarter performance and upbeat guidance for the next three years have led its stock price to rise. Meanwhile, I believe the uptrend continues given its exposure to the high-growth electric vehicle (EV) market. The rising concerns over high pollution levels have led to the transition towards the electrification of vehicles.

Amid this shift, the company's joint ventures with **Beijing Electric Vehicle Company** and **LG Electronics** could become significant. Apart from these joint ventures, it also produces a wide range of

electric powertrain products. The management is projecting that by 2023, 50% of its production would be for EVs. Meanwhile, Magna International could also benefit from the entry of tech giants, such as **Apple** and **Google**, into the EV space. Despite its high-growth prospects, the company's forward price-to-earnings multiple stands at an attractive 12.7. It also pays quarterly dividends, with its forward yield standing at 1.5%.

goeasy

My third pick on this list would be **goeasy** ([TSX:GSY](#)), which is up 53.3% for this year and 603% from its March lows. Despite the massive surge, the company's valuation still looks attractive. Its forward price-to-sales and forward price-to-earnings multiples stand at 2.8 and 15.2, respectively.

The increased economic activities amid the ongoing vaccination and relaxation of some restrictions could increase loan origination, driving goeasy's financials. Further, the company is expanding its product offering and penetrating newer markets to capture the growing addressable market. Meanwhile, the company's acquisition of **LendCare Holdings** could be a significant growth driver, as it would expand its product range and add new industry verticals. On Friday, the company completed the acquisition in a cash and stock deal of \$320 million.

Besides, the company has been rewarding its shareholders by raising its dividends at a healthier rate. The company's board had raised its 2021 dividends by 47% to \$2.64 per share, representing a forward dividend yield of 1.8%. So, given its attractive valuation and healthy growth prospects, [I am bullish on goeasy](#).

CATEGORY

1. Bank Stocks
2. Energy Stocks
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TICKERS GLOBAL

1. NYSE:MGA (Magna International Inc.)
2. NYSE:TRP (Tc Energy)
3. TSX:GSY (goeasy Ltd.)
4. TSX:MG (Magna International Inc.)
5. TSX:TRP (TC Energy Corporation)

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