The 2 Best Canadian Stocks I'd Buy With $1,000 for 2021

Description

While the volatility in the stock market remains elevated, I see plenty of solid investment opportunities offering both growth and income. So, if you plan to add some high-quality stocks in your portfolio that could handily outperform the **TSX 60 Index** in 2021 (and beyond), consider buying these two Canadian companies at the current price levels.

Enbridge

Enbridge (TSX:ENB)(NYSE:ENB) stock has increased more than 21% year to date, and the uptrend could sustain on the back of a steady recovery in energy demand and higher prices for the commodities it transports. Besides the appreciation in the value of their investment, investors are likely to benefit significantly from Enbridge's robust dividend payments. Notably, Enbridge has delivered an average annual TSR (total shareholder return) of 16% in the last 26 years, which is encouraging.

Looking ahead, I expect Enbridge to consistently deliver solid total shareholder returns on the back of its diverse cash flows streams and solid growth projects. I believe the revival in demand and a steady recovery in its mainline throughput volumes, new assets, and continued momentum in its core business position it well to deliver robust earnings and cash flows. Meanwhile, new customer additions in the gas business, rate escalations, and opportunities in the renewable power business, and cost-containment measures are likely to cushion its earnings.

Enbridge started the year on a solid note and delivered strong operating and financial performance on a sequential basis. Its assets registered a high utilization rate, while cost efficiencies drove its bottom line. With an improving operating outlook, Enbridge could continue to boost its shareholders' returns through higher dividend payments. It has consistently hiked its dividends at about 10% annually over the past 26 years and is currently yielding about 7%, which is highly attractive.

goeasy

goeasy (TSX:GSY) stock has surged about 58% this year, while it is up nearly 224% in one year. The company has consistently delivered high double-digit earnings growth and outperformed the benchmark index by a significant margin. For instance, goeasy's revenues have increased at a CAGR of 13% from 2001 to 2020. Furthermore, its adjusted earnings grew at a CAGR of 25% during the same period. Despite the challenges, goeasy's adjusted net income jumped by 47% in 2020.

I expect goeasy's bottom line to continue to grow at a breakneck pace in the coming years on the back of solid sales, robust payments volumes, and cost efficiencies. The subprime lender expects double-digit growth in the top line over the next three years. The economic expansion and recovery in consumer demand are likely to drive its loan portfolio. Furthermore, the large consumer credit market, growing penetration of secured loans, higher loan size, product expansion, and new channels are likely to accelerate its growth rate further. Also, goeasy is expected to gain big from its strategic acquisitions.

While the uptrend in goeasy stock is likely to sustain, its high-quality earnings base suggests that it could continue to raise its dividends at a very high rate. goeasy is paying dividends for about 17 years, while it has increased it at a CAGR of 34% in the last seven years. It pays a quarterly dividend of $0.66 a share, representing an annual yield of 1.7%.

CATEGORY

1. Bank Stocks
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TICKERS GLOBAL

1. NYSE:ENB (Enbridge Inc.)
2. TSX:ENB (Enbridge Inc.)
3. TSX:GSY (goeasy Ltd.)

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