Got $1,000? 2 Hot TSX Stocks to Buy Right Now

Description

Investors looking for stocks that could deliver strong returns can consider buying the shares of **goeasy** (TSX:GSY) and **Lightspeed POS** (TSX:LSPD)(NYSE:LSPD). Both of these companies performed exceptionally well in the past, as reflected in the stellar growth in their stock price. Notably, goeasy stock has surged 185% in one year, while Lightspeed appreciated by about 175% during the same period.

Despite the strong growth in both these **TSX** stocks, I see further upside. So if you plan to put $1,000 in stocks, here's why you should buy goeasy and Lightspeed right now.

goeasy's earnings continue to soar high

goeasy remains my top pick for 2021, and the stock has delivered a return of over 48% so far this year. The uptrend in goeasy stock is backed by its high-quality earnings base, which is growing at a breakneck pace. To be precise, its normalized net income has grown at a compound annual growth rate (CAGR) of 31% in the last 19 years. Furthermore, adjusted net income recorded a 67% jump in the most recent quarter.

I expect goeasy's profitability to continue to increase at a solid double-digit rate in the coming years, which will likely drive its dividends and stock price higher. I believe the re-opening of the economy, recovery in demand, improving operating leverage and strong credit performance to drive double-digit growth in its revenues and earnings.

Looking forward, as the vaccination distribution accelerates, I expect goeasy's loan portfolio to mark strong growth on the back of higher consumer demand. Furthermore, the acquisition of LendCare, launch of the auto-loan product, large non-prime lending market, cost-savings, and new delivery channels are likely to accelerate its growth rate. Investors are also expected to gain from its robust dividend payments. In the last seven years, goeasy dividends have grown at a CAGR of 34%. With its strong earnings outlook, I believe the company could continue to hike its quarterly dividend at almost a similar rate in the future.

Strong secular tailwinds to drive Lightspeed stock

Lightspeed stock went through the roof in 2020, thanks to stellar demand for its omnichannel payment platform and other digital products. However, stretched valuations and expected normalization in growth rate led to selling in its stock, which is down about 22% this year. I see the pullback in Lightspeed as a stellar opportunity to go long on this high-growth company.

I believe the valuations could soon appear normal as its growth accelerates due to the continued momentum in the base business and incremental sales from the strategic acquisitions. I believe the transition in selling models toward the omnichannel payments platform provides a multi-year growth opportunity. Furthermore, expansion of its product range, the addition of new customers, and higher average revenue per user augur well for growth.

Apart from strong secular trends and strength in the core business, Lightspeed is likely to gain big from strategic acquisitions and is growing its scale in high-growth markets. Lightspeed's recent acquisitions have driven its customer base higher, accelerated its revenue growth rate, and solidified its competitive positioning in the international markets. I am bullish on Lightspeed's two-pronged growth strategy and expect it to deliver outsized returns.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
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2. TSX:GSY (goeasy Ltd.)
3. TSX:LSPD (Lightspeed Commerce)

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