



3 of the Best TSX Stocks to Buy in June 2021

Description

As equity markets continue to touch record highs, it might seem difficult to identify stocks trading at attractive valuations. However, there are stocks that continue to remain fundamentally strong at current price levels. As economies reopen and consumer demand surges, there is a good chance that GDP levels will improve in 2021, which, in turn, will support the uptick in top TSX stocks.

Here are three TSX stocks that have crushed the market returns in the past but are poised to derive outsized gains going forward as well.

Shopify

The first stock on my list is Canada's largest company in terms of market cap, which is **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). The shares of the e-commerce giant have been on an absolute tear ever since it went public six years back. However, SHOP stock is also trading 20% below its record high, giving investors an opportunity to buy the dip.

In the first quarter of 2021, Shopify's [revenue soared](#) 110% year over year to US\$988.65 million. Further, adjusted earnings increased to US\$2.01 per share compared to just US\$0.19 per share in the year-ago period.

The company's management attributed its stellar growth to strong digital commerce tailwinds that accelerated amid the pandemic. Shopify continued to benefit from the shift towards online shopping, as it continues to expand the merchant base over the past few quarters.

Shopify stock is up close to 4,000% in the last five years. It also means that it's trading at a forward price-to-sales multiple of 34.4, which is steep and might discourage value investors.

goeasy

Another stock that has consistently outpaced the broader market is financial services company **goeasy**

([TSX:GSY](#)). Valued at a market cap of \$2.4 billion, this TSX stock is up 640% in the last five years and 1,700% since June 2011.

goeasy is a sub-prime lender that has been able to deliver double-digit gains to long-term investors consistently. The recovery in consumer spending, expansion of the company's loan portfolio, and its focus on acquisition and widening product portfolio should drive top-line growth in 2021 and beyond.

Bay Street expects the company to increase sales by 26.8% year over year to \$828 million in 2021 and by 22.5% to \$1.01 billion in 2022. Comparatively, its earnings growth is forecast at 32% in 2021 and 20.4% in 2022.

Despite its exponential returns GSY stock is still trading at a price-to-earnings multiple of 14.6, which is cheap.

HEXO

The final stock on my list is Canadian cannabis giant **HEXO** ([TSX:HEXO](#))(NYSE:HEXO). The pot stock is down 81% from all-time highs, but it seems like the ultimate contrarian bet right now. HEXO has [acquired multiple companies](#) this year, which will allow it to increase its market share in Canada and other international regions.

HEXO acquired Redecan for \$925 million last month. Redecan is Canada's largest privately owned licensed producer and a major player in the recreational cannabis space. In February, HEXO acquired Zenabis Global for \$235 million, which has a strong presence in several European markets. In May, it also acquired 48North Cannabis for \$41 million.

These buyouts will allow HEXO to accelerate revenue growth in the next year, making it one of the largest cannabis companies in the process.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:GSY (goeasy Ltd.)
4. TSX:HEXO (HEXO Corp.)
5. TSX:SHOP (Shopify Inc.)

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