



## My 3 Favourite TSX Stocks Today

### Description

My three favourite **TSX** stocks did well through the pandemic. It speaks volumes for any business to be resilient during the pandemic. Economic lockdowns and the impacted global economy led to many businesses seeing huge cuts in their revenues!

**Brookfield Infrastructure Partners** ([TSX:BIP.UN](#))([NYSE:BIP](#)), **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), and **Converge Technology Solutions** ([TSX:CTS](#)) have been incredible businesses through 2020 and beyond.

### My favourite TSX dividend stock

Brookfield Infrastructure is easily my favourite dividend stock on the TSX with a predictable business providing stable growth and anticipated dividend growth.

The global infrastructure company owns, operates, and invests in utilities, transport, energy, and data infrastructure assets. To get a better sense of the diversity of its business, it has electricity and gas connections, regulated natural gas pipelines, electricity transmission lines, ports, railways, and toll roads, natural gas storage, multi-purpose telecom towers, and data centres.

In 2020, its key performance metric, its funds from operations (FFO) per unit, increased by 2.3% to US\$3.13, resulting in a sustainable FFO payout ratio of 62%.

Today, BIP provides a decent yield of about 3.8%. This year's dividend hike of 5.2% marks the 13th consecutive year of its dividend-growth streak. There's no guesswork. It intends to continue increasing its cash distribution by 5-9% a year.

Analysts deem the TSX stock to be fairly valued with 12-month upside potential of about 11%. This implies total returns of close to 15% are possible in this defensive stock.

## A TSX growth stock favourite

Shopify stock is one of my favourite TSX growth stocks, and it is in many other investors' growth portfolios. In the last five years, SHOP stock has grown investors' money at a rate of 51 times. It hasn't been an easy hold, but buying on dips, corrections, and consolidations have proved to be the right moves in a long-term investment in the winning stock.

As a leader in the expanding e-commerce industry, Shopify experienced exceptional growth through the pandemic. In 2020, the global commerce company witnessed revenue growth of 86% to nearly US\$3 billion, while the gross merchandise volume jumped 96% to almost US\$120 billion.

This year, Shopify has planned for incremental investments, including upgrading its fulfillment network, optimizing the *Shop App*, attracting more international entrepreneurs, etc. Combined, the investments should drive more growth in the company.

[SHOP stock](#) recently popped 20%, but analysts still think it's fairly valued. It's certainly at least a hold for long-term growth.

## Why this tech stock is my favourite small-cap stock

When you pick the right [small-cap stocks](#), you can multiply your money very fast. Converge is in the mid-market sweet spot. Smaller companies haven't adopted hybrid/cloud as quickly as larger companies.

This has created a unique opportunity for Converge as an IT service provider that offers hybrid IT solutions, including digital infrastructure, cloud, cybersecurity, advanced analytics, managed services, and placing IT professionals for the right jobs.

The tech stock has executed its North American expansion plan well. It continues to aim to acquire three to five North American companies every year. Acquisitions and integrations could get more complicated, as it shifts to make bigger acquisitions in North America. It strategized to replicate its M&A success in North America in Europe.

So far, Converge's M&A success has been directly reflected in its stock. To illustrate its growth potential, the tech stock has grown at 3.5 times SHOP stock's price appreciation year to date.



Year-to-date data by YCharts.

The tech stock has amazing growth prospects that are highly linked to its M&A strategy. If done right, it will be a multi-bagger from here, as the small-cap stock remains fairly valued in analysts' eyes.

## CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

## POST TAG

1. Editor's Choice

## TICKERS GLOBAL

1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
4. TSX:SHOP (Shopify Inc.)

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kayng

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