



2 Top Picks on the Canadian Stock Market for H2 2021

Description

Many people think the [second half](#) (H2) of 2021 won't be nearly as good as the first half. Given the incredible 15% pop for the TSX Index in H2 2021, the odds seem to be on their side. While a +30% year isn't unheard of, it's quite rare. And odds are, the Canadian stock market will either be more volatile or at least with less upside momentum behind it.

Given the high degree of unpredictability and the potential for things to go right, though, anything is possible. Moreover, a relatively modest single-digit gain to close out the year is still pretty good. And it's such modest gains that investors should go after, rather than looking to cash out after a historic first half.

In this piece, we'll have a look at two of my favourite Canadian stock picks that I think are in a great spot to outperform the TSX in the second half. I'll check in on both names to see how they stacked up to the Canadian index at the end of the year. For now, let's get right into the names and why they make sense to pick up here, even if this incredible rally slows down, flatlines, or rolls over.

Nutrien

Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) isn't just an agricultural commodity producer; it's one with distinct operational advantages.

The company is a global potash (one of three common fertilizers) leader, and this stance is not to be taken lightly. Sure, agricultural commodity prices will fluctuate, and they could be at risk of pulling back over the near term, dragging down Nutrien stock with it. But in terms of long-term growth, I am [a big fan](#) of Nutrien, as demand for crop yields is likely to soar over the years in conjunction with the world population.

Nutrien's network of over 2,000 retail locations is a stabilizing force for the stock. As such, Nutrien isn't as tightly coupled to potash prices as Potash Corporation of Saskatchewan was before it merged with Agrium.

As agricultural commodity prices rebound, Nutrien is a compelling option to buy on the way up. Despite NTR stock's recent run, shares still look dirt cheap at 1.5 times book value and 1.6 times sales. Sell-side analysts seem to agree, with the Street high price target set at \$101 and change, implying nearly 35% worth of upside from current levels. Add the 3.1% dividend yield and the low 0.77 beta into the equation, and Nutrien stock looks poised for outperformance in H2 2021.

Spin Master

Spin Master ([TSX:TOY](#)) is a toymaker with an incredibly fast-growing digital games business. In many prior pieces, I've referred to Spin as an innovative tech company that just happens to design and manufacture toys.

The company had its fair share of operational stumbles in the past. But it's since moved on from them amid Canadian stock market volatility. As COVID-19 abates and malls reopen, I'd look for Spin to get a nice boost after more than a year of recovering from its worst crash to date.

It's not just macro factors that have me bullish on shares. The new product pipeline could yield meaningful growth for many years to come. And the digital games business, I believe, is a wild card that could spark a steep re-valuation upward.

While I wouldn't call Spin the next **Roblox** just yet, as fellow Fool Chris MacDonald was inclined to do, I certainly think Spin is poised to become more Roblox-like with time. There's no denying the jaw-dropping growth in digital. And as it contributes a bigger slice of the Spin Master pie, the stock will be tough to keep down for extended durations.

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2. TSX:NTR (Nutrien)
3. TSX:TOY (Spin Master)

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