3 Top TSX 60 Stocks Outperforming the Market in 2021

Description

Ongoing vaccination, steady economic growth, revival in demand, and improving operating environment have boosted investors' confidence and supported the uptrend in top TSX stocks. While several **TSX 60** stocks have delivered impressive returns so far this year, let's delve deeper into three stocks that outperformed the market and have further room to run.

CIBC

Like its banking peers, **CIBC** (TSX:CM)(NYSE:CM) benefitted from the acceleration in economic activities, improved volumes, and lower provisions. CIBC stock is up about 38% this year, and the trend is likely to sustain.

I believe the bank's diverse earnings streams, increased customer base, and focus on growing its scale in the wealth management and private banking segment augur well for future growth and could continue to drive its stock price. Its Capital Market business remains strong and is expected to gain from the M&A activities. Furthermore, an improving economic environment indicates an uptick in loans in the second half of 2021.

CIBC's strong balance sheet, improving efficiency, and lower provisions will likely boost its earnings. Meanwhile, it could continue to boost its investors' returns through increased dividend payments. CIBC's dividend has grown at a CAGR of 4.6% in the last 15 years, while it is offering a solid yield of 4% at current levels.

Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) has a stellar history of consistently outpacing the broader markets by a wide margin. Its stock is up about 34% this year, and the uptrend is likely to continue in 2021 and beyond. Shopify stock is benefitting from the positive secular industry trends. Higher e-commerce spending and a growing shift in selling models towards omnichannel platforms, despite the easing of pandemic-led restrictions, provide a solid foundation for growth.

Furthermore, its growing fulfillment network, expansion of high growth sales and marketing channels, and growing global footprint position it well to capitalize on favourable industry trends and drive its merchant base.

Meanwhile, higher adoption of its new products (payments and capital), strategic capital allocation, and operating leverage bode well for future growth. Its profitability is expected to improve in 2021, which could further boost its stock price.

Loblaw

Loblaw (TSX:L) is an attractive bet at current levels. The food and drug retailer continues to perform well, despite tough year-over-year comparisons. It benefits from heightened grocery demand, an increase in online grocery delivery and pick-up services, and an improved sales mix in the food and drug retail businesses.

I believe the ongoing strength in its food and retail business, growing scale, and increased penetration of online business positions it well to deliver strong financial and operating performance in 2021. Also, improved margin structure is a positive.

Notably, Loblaw stock is up about 38% this year. However, it continues to trade at a lower valuation multiple compared to its peers. Its next 12-month (NTM) price-to-earnings (P/E) multiple of 16.2 compares favourably to **Alimentation Couche-Tard's** and **Metro's** NTM P/E ratios of 18 and 18.1. I believe its low-risk business, steady growth, and lower valuation make it a solid long-term bet for investors.

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1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Investing
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TICKERS GLOBAL

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:CM (Canadian Imperial Bank of Commerce)
4. TSX:L (Loblaw Companies Limited)
5. TSX:SHOP (Shopify Inc.)

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