2 Top Canadian Stocks to Buy for the Rest of 2021

Description

It's tough to catch a 5% pullback in the TSX Index these days, but regardless, there are many top Canadian stocks that have already suffered corrections. Some have even unfairly fallen into bear market territory. And in this piece, we'll have a look at two Canadian plays that I think could propel you to superior results by the end of 2021.

We'll have a look at one stock and a battered ETF that look to have above-average risk/reward profiles here. While each name may improve your chances of beating the market by year-end, I'd hold each name for at least the next three to five years for maximum effect, as there's really no telling just how long it'll take for Mr. Market to correct his downside pricing error.

So, in no particular order, consider **Alimentation Couche-Tard** (TSX:ATD.B) and **BMO China Equity Index ETF** (TSX:ZCH). It is worth mentioning that I've been a buyer of both names and plan to continue accumulating shares on further weakness.

Alimentation Couche-Tard

Couche-Tard recently broke out above the $51 mark for the first time. Moving forward, I expect the company will put its foot on the gas, as it looks to acquire its way to doubling its net income in five years. The pandemic brought forth a bit of volatility, but I think the worst of it is now in the rear-view mirror.

Moving forward, I expect Couche-Tard will finally make moves to create synergies (and value) for its patient shareholders. Given the frothy market environment we find ourselves in, Couche-Tard may very well spend a considerable amount on organic growth initiatives and smaller, bite-sized acquisitions in markets that make sense.

The stock trades at less than 17 times earnings. In a market that commands over 20 times earnings for high growth, I find Couche-Tard's valuation to be absurdly low, leaving room for this breakout rally to run. I think the stock could test $55 by year-end and $60 earlier next year.

BMO China Equity ETF

BMO China Equity ETF, which is concentrated in Chinese technology companies, has been absolutely clobbered over these past several months. Amid Beijing's crackdown, the Chinese tech stocks have been falling knives. If you attempted to catch one, you probably got hurt. There's a profound amount of uncertainty relating to Chinese equities right now. And with that, there's a huge discount on shares relative to their historical valuations.

Geopolitical risks warrant a discount to domestic and U.S. equities. But just how much of a discount is too much? With many wonderful businesses like **Alibaba**, which contributes 20% of the ZCH, at multi-year lows, I find the discount to be overblown. As such, I'd encourage risk-taking investors to buy now that many Chinese tech stocks have been cut in half.

If you're looking for a market crash, here you have it in Chinese equities.

When it comes to Chinese equities, there's fear and panic out there right now. It's easy to throw in the towel when the sky is falling. But if you've got a 10-year investment horizon, I think buying this implosion could pay off in a big way, as China looks to surpass the U.S. in GDP.

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