



The 4 Best TSX Stocks With Solid Upside

Description

Despite the uncertainty related to COVID-19, a recovery in consumer demand and an improved operating environment suggest that the Canadian stock market could continue to trend higher.

TSX stocks that delivered stellar returns in the recent past could continue to rise further, reflecting favourable industry trends, market share growth, and investment in growth initiatives.

With continued growth in the backdrop, I am bullish on **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)), **Cargojet** ([TSX:CJT](#)), and **Docebo** ([TSX:DCBO](#))([NASDAQ:DCBO](#)).

Let's dig deeper to ascertain what could drive these stocks higher.

Shopify

Shopify has created a significant amount of [wealth](#) for its investors, reflected through a 6,100% appreciation in its price since it listed on the exchange. Moreover, the accelerated shift towards omnichannel platforms led to a stellar rally in its stock in 2020. Despite the appreciation and its expensive valuation, I see further upside in Shopify stock.

I expect Shopify to gain from the continued shift towards e-commerce platforms. Moreover, its market share could rise further, reflecting benefits from its growth initiatives.

The continued momentum in its business, higher adoption of its merchant solutions, new products, high-growth sales and marketing channels, and global expansion augur well for growth and will likely drive its merchant base. Meanwhile, its strong fulfillment network, structural shift in selling models, and operating leverage could further support its growth.

Bank of Montreal

Bank of Montreal stock is another exciting growth play for investors. Its high-quality earnings, ability to drive loan volumes, and solid deposits base support the uptrend in its stock. Moreover, its strong credit

performance and efficiency improvements cushion its profitability and support higher dividend payments.

While Bank of Montreal stock has gained quite a bit in the recent past, I expect it to continue to deliver stellar returns in 2021 and beyond, owing to its [solid growth catalysts](#) and improving economic environment.

I believe Bank of Montreal's diversified business mix, improved credit demand, and operating leverage could support its revenues and earnings growth. Furthermore, its solid credit quality, strong balance sheet, higher economic activities, and rise in interest rates could accelerate its growth further and drive its future dividend payment. Also, Bank of Montreal's valuation suggests that it's still within investors' reach, which is encouraging.

Docebo

Thanks to its solid annual recurring revenues and rising customer base, Docebo stock has delivered triple-digit returns since listing on the TSX in October 2019. While I believe the company's growth could moderate with the normalization in demand in the post-pandemic era, it still has solid long-term growth prospects.

I believe this corporate e-learning platform provider could continue to rise higher due to the continued growth in OEM sales, higher average order value, and increased customer base. Meanwhile, improved productivity savings and operating efficiency will likely cushion its profitability. Further, its large addressable market, new OEM contracts, higher retention rate, and large deal size bode well for future growth and could drive Docebo's stock price higher.

Cargojet

Cargojet has delivered stellar returns over the past several years and has performed exceptionally well during the pandemic owing to the surge in demand from the e-commerce and healthcare segment. Despite the slight moderation in demand, I expect it to remain elevated compared to the pre-pandemic level, which is likely to push its revenues and earnings and, in turn, its stock price.

The continued momentum in Cargojet's core business, sustained demand from the e-commerce companies, next-day delivery capabilities, and long-term contracts position it to deliver stellar returns. Further, a high client-retention rate, international growth opportunities, and cost efficiencies will likely boost its financial performance and help it to enhance shareholders' returns.

CATEGORY

1. Bank Stocks
2. Coronavirus
3. Dividend Stocks
4. Investing
5. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. NYSE:BMO (Bank of Montreal)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:BMO (Bank Of Montreal)
5. TSX:CJT (Cargojet Inc.)
6. TSX:DCBO (Docebo Inc.)
7. TSX:SHOP (Shopify Inc.)

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