



2 TSX Stocks I'd Buy Now and Hold

Description

Amid heightened volatility and uncertainty related to coronavirus, I expect the momentum in a few TSX stocks to sustain in 2021 and beyond. I'll discuss two such TSX stocks that are trading near their all-time highs but have the potential to rise further on the back of favourable industry trends and strong demand.

Lightspeed Commerce

Shareholders of **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) are a happy bunch, as its stock has appreciated about 297% in one year. Furthermore, it has nearly doubled in the past six months. Notably, it created a new all-time high of \$165.87 on September 22 before closing at \$158.93.

The stellar growth in Lightspeed stock comes on the back of increased demand for its omnichannel payment platform. It's worth noting that the COVID-19 pandemic accelerated the shift towards digital platforms, benefitting companies like Lightspeed and **Shopify**, among others.

While Lightspeed stock has [appreciated a lot](#) in a short period, I see further room for growth. I expect higher e-commerce spending and a continued shift in selling models towards the cloud-based omnichannel platforms to drive Lightspeed's financials and, in turn, its stock price. Moreover, the resurgent virus will likely keep the demand for Lightspeed's platform elevated.

Notably, Lightspeed's focus on innovation and product expansion positions it well to capitalize on the favourable industry trends. Meanwhile, increased revenues from existing customers could continue to drive its average revenue per user. Lightspeed is accelerating its growth through a prudent capital-allocation strategy. Its recent acquisitions strengthened its competitive position in high-growth markets, added new customers, and expanded its product base. Overall, I maintain a bullish view on Lightspeed stock and expect it to outperform the broader markets by a wide margin.

Capital Power

Many would be surprised to see **Capital Power** ([TSX:CPX](#)) stock on this list. Notably, the company operates a low-risk utility business that generates predictable cash flows, which is a [perfect bet for income investors](#). However, investors would be surprised to know that the shares of this utility

company handily outpaced the benchmark index with its returns and are trading near their all-time high.

Notably, Capital Power stock is up about 62% in one year. Furthermore, it has enhanced its shareholders' returns through higher dividend payments on the back of its high-quality asset base.

During the most recent quarter, Capital Power delivered improved adjusted EBITDA and earnings per share on the back of higher average power price. Thanks to the continued momentum in its business, Capital Power raised the 2021 guidance for its adjusted EBITDA and adjusted funds from operations. Also, it raised its dividend by 6.8%, which is in line with the 2021 dividend-growth guidance.

Capital Power's dividends have grown at a CAGR of 7% since 2013. Moreover, its payout ratio of 45-55% is sustainable in the long run.

Looking ahead, I expect Capital Power to continue to deliver consistent returns on the back of its low-risk business and contractual framework. The company remains well positioned to fund its growth initiatives, which bodes well for growth. Capital Power stock trades at an EV/EBITDA (NTM) multiple of 8.4, which is much lower its peer group average, indicating further upside in its stock from current levels.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:CPX (Capital Power Corporation)
3. TSX:LSPD (Lightspeed Commerce)

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Author

snahata

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