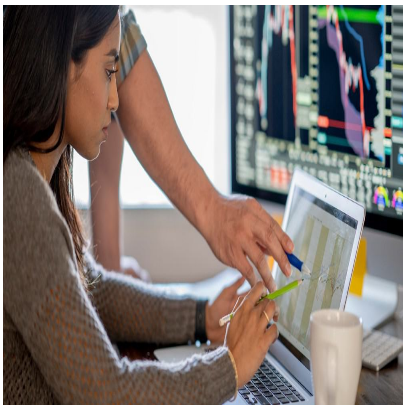

3 Top Canadian Stocks to Buy Before Cineplex (TSX:CGX)

Description

Cineplex (TSX:CGX) stock lost a substantial portion of its value, as the COVID-9 pandemic wiped out demand and wreaked havoc on its operations. Nevertheless, the stock has bounced back sharply, increasing over 77% in one year, thanks to the ongoing vaccination that boosted investors' sentiment.

Despite the growth in Cineplex stock, it is still trading at a significant discount from the pre-pandemic levels, which many, including me, see as an opportunity to buy. While I have a favourable outlook on Cineplex, it is strictly based on its long-term prospects.

In the short term, I expect Cineplex stock to remain highly volatile, as the Delta variant of the coronavirus could continue to play spoilsport and add uncertainty. Thus, I would suggest investors to add a few top-quality low-risk stocks to their portfolio before allocating a portion of their funds to Cineplex.

Let's take a look at three such stocks.

A utility stock to consider

Utility companies operate low-risk businesses and continue to deliver consistent returns irrespective of the volatility in the market. **Algonquin Power & Utilities** (TSX:AQN)(NYSE:AQN) is one such top stock in the utility sector that has delivered stellar TSR (total shareholder return) over the past several years. For instance, its five-year cumulative TSR stands at 141%, which is encouraging.

As about 85% of its power output is contracted, Algonquin Power & Utilities's earnings and cash flows could continue to grow irrespective of the economic cycles. Looking ahead, the company's $9.4 billion capex program and double-digit rate base growth will likely drive its earnings and, in turn, its stock price. Algonquin Power & Utilities has consistently raised dividends over the past 11 years, and I expect the trend to sustain owing to its conservative business mix and high-quality earnings base.

A consumer defensive stock

Alimentation Couche-Tard (TSX:ATD.B) is another stock that one could consider adding to your portfolio for stability and growth. The company's low-risk business, a strong network of stores, and strategic acquisitions continue to drive its financials and, in turn, its stock. Notably, its coast-to-coast presence in Canada, market share growth in Europe, cost efficiency, and significant scale positions Alimentation Couche-Tard to deliver strong revenues and profitability in the coming quarters.

Its organic growth initiatives, acquisitions, efforts to increase cash flows, and focus on doubling its EBITDA are encouraging. Thanks to its strong cash flow-generating capabilities and ability to fund growth plans, Alimentation Couche-Tard's dividends have grown more than eight-fold since 2011. Overall, the company could continue to deliver stellar returns and reward shareholders with increased dividends.

A pure-play renewable energy company

The strong emphasis on reducing carbon emission, growing adoption of renewable energy sources, and increased capex spending in the sector indicate that renewable stock will likely outperform the broader markets by a considerable margin in the coming years. I maintain a favourable outlook on the renewable energy sector, and I am bullish on **Brookfield Renewable Partners** (TSX:BEP.UN)(NYSE:BEP).

Its diversified renewable assets, increased capacity, strong developmental pipeline, long-term power-purchase agreements augur well for growth. Its low-risk business model and predictable cash flows help the company to bolster its shareholders' returns through increased dividend payments. Notably, Brookfield Renewable Partners stock has witnessed a healthy pullback and looks attractive at the current price levels.

CATEGORY

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

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. NYSE:BEP (Brookfield Renewable Partners L.P.)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
4. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
5. TSX:CGX (Cineplex Inc.)

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