



3 TSX Stocks on My Christmas Wish List

Description

Ready to start your Christmas shopping?

If so, you might want to consider buying stocks.

The ultimate “gift that keeps on giving,” they have the potential to pay off over the long term. Like many Canadians, you may bemoan the amount of money you spend on Christmas gifts, but there’s nothing stopping you from buying “gifts” that increase your wealth rather than diminishing it. Stocks, with their high annualized returns and tendency to outperform bonds long term, are exactly what the doctor ordered. With that in mind, here are three Canadian stocks on my personal Christmas wish list.

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.B) is a Canadian convenience store company that operates not only in Canada but also in the U.S. and the EU. Its stock has risen nearly 1,000% over the past decade and—amazingly—it still may have room to run from here. The company grew by leaps and bounds in the 2010s by following a prudent investment strategy.

It spent years buying up convenience store chains like Circle K, but it never leveraged itself too much to make the acquisitions. The end result was steady and fairly rapid growth in profits. In 2020 the company encountered some hiccups as the COVID-19 pandemic killed demand for gasoline, which plummeted in price. This year, however, it is recovering admirably.

Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is another **TSX** stock on my Christmas list. As I’ve written many times in the past, this is a stock I would gladly buy if it were to come down in price a bit. SHOP trades at 49 times sales, 63 times GAAP earnings, and 250 times adjusted earnings. It is, quite frankly, an extremely expensive stock. But it does boast high growth.

In its most recent quarter, SHOP's [revenue growth was 46%](#), in the quarter before that it was 57%. Prior to the second-most recent quarter, SHOP achieved a string of four quarters with revenue growth above 90%. The growth has decelerated a bit lately, but it's still fairly strong. I would probably buy this stock if it fell below \$1,500.

Royal Bank of Canada

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) is the last stock on my Christmas shopping list. I owned this stock in the past and sold it later to buy other stocks. I would buy it again under the right conditions. The Bank of Canada is set to raise interest rates next year, and higher rates tend to have a positive effect on banks. The higher the interest rates, the higher banks' profit margins on loans.

This makes banking one of the few industries that actually benefits from rate hikes. In 2021, RY has posted solid growth in revenue and earnings, thanks to the economic recovery from COVID-19. A post-pandemic rate hike could be just what's needed to take things to the next level.

CATEGORY

1. Investing

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3. TSX:RY (Royal Bank of Canada)
4. TSX:SHOP (Shopify Inc.)

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