



3 Top Canadian Stocks to Buy Right Now for Market-Beating Returns

Description

A global pandemic wreaked havoc across the globe for most of last year. Even so, the **S&P/TSX Composite Index** managed to the finish the year positive. Now that we're over a month into 2021, I'd say it's fair to be optimistic that this year is going to be better than the last one.

If the Canadian stock market could turn a gain amid a pandemic, imagine what it could do in 2021, as the country begins to reopen. As vaccines continue to be distributed, Canadians could very well be back to living a relatively normal life, all things considered, by fall.

For investors looking to ride the wave of the economy's recovery this year, I've put together a list of three [top Canadian stocks](#) with many more years of market-beating growth ahead of them.

Northland Power

It's no secret that I'm extremely [bullish on the renewable energy sector](#). Tech stocks may have led the way in 2020, but over the next five to 10 years, I think we'll see renewable energy rank as one of the highest-growing sectors.

Green energy stocks soared in 2020, and I'm only expecting that to continue this year. We're seeing more businesses across the globe commit to plans of completely eliminating their carbon footprint. The newly elected U.S. president is another massive tailwind that should propel the sector to grow even faster.

If you're looking for just one green energy stock to own, **Northland Power** ([TSX:NPI](#)) would be a wise choice. The company does it all. It owns and operates a wide range of renewable energy facilities, including wind, hydro, and solar renewable sources. It also has a broad geographic footprint with operations across the globe.

Over the past five years, shares of Northland Power are up 175%. A repeat performance over the next five years may be a lot to ask, but I'm confident that this Canadian stock is up to the task.

Brookfield Asset Management

You won't find many other stocks on the **TSX** that are as well diversified as **Brookfield Asset Management** (TSX:BAM.A)([NYSE:BAM](#)). The \$75 billion company is one of the largest asset management firms in the world.

The asset management company has a Warren Buffet-like investing philosophy. Brookfield Asset Management uses its healthy balance sheet to acquire undervalued companies with a goal of returning value to its shareholders over the long term.

The company's primary investments are split into four main categories: real estate, renewable power, infrastructure, and private equity. But even with such a broad diversification, Brookfield Asset Management has no problem outperforming the broader market.

Over the past five years, shares of the Canadian stock are up 100%. In comparison, the **S&P/TSX Composite Index** is up just 50%.

Constellation Software

Last on my list of market-beating Canadian stocks is **Constellation Software** ([TSX:CSU](#)).

The tech company has been one of the top TSX stocks over the past decade. Since 2011, shares of Constellation Software are up nearly 3,000%. I wouldn't bank on another 30-bagger over the next 10 years, but the \$35 billion tech company shouldn't have any problem continuing to deliver market-beating gains.

Similar to Brookfield Asset Management, Constellation Software leverages its strong balance sheet to acquire much smaller companies. More often than not, the acquired companies operate in a niche market, which provides Constellation Software expertise across a wide range of different industries.

What seals the deal for me with this Canadian stock is the valuation. Contrary to many other market-beating stocks, shares of Constellation Software are relatively reasonable, considering its growth potential. The tech company is trading today at a price-to-sales ratio below 10 and a forward price-to-earnings ratio of 40.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. TSX:BN (Brookfield)
3. TSX:CSU (Constellation Software Inc.)
4. TSX:NPI (Northland Power Inc.)

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