



3 Top Stocks for Your Portfolio

Description

On any given day, you can open a stock-related forum and see investors give each other new stock ideas. However, many of those “stock picks” are based purely on speculation and could lead to major losses. Instead, investors should focus on the outstanding companies that have proven track records. Often, these companies are hiding in plain sight. In this article, I’ll discuss three top stocks for your portfolio.

Canada’s top growth stock is at it again

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) has been one of the best-performing stocks in Canada since its IPO. In fact, over the past three years, no other stock listed on the **TSX** has managed to produce greater returns than the e-commerce company. According to the [2020 edition of the TSX30](#), the next-best company produced less than half of Shopify’s returns over that period. On Wednesday, Shopify announced earnings, and investors had a lot to be happy about.

In the report, Shopify stated that its 2021 Q2 revenue was 57% greater than the year prior. Shopify shareholders will note that the Q2 increase is significantly less than the revenue increase reported for Q1 2021. However, it shows that Shopify continues to experience high double-digit growth as we exit the pandemic. Shopify’s monthly recurring revenue also continues to increase and is now growing at a CAGR of 46% for the period starting Q2 2016. This is a great stock that will [continue to grow](#) as e-commerce continues to penetrate the retail industry.

Here’s a top dividend stock

When it comes to dividend companies, few stocks can claim to have a moat as impressive as the one built by **Canadian Pacific Railway** ([TSX:CP](#))([NYSE:CP](#)). The company is recognized as the second-largest railway company in Canada. Due to its large size and the network effect created by its rail system, it’s very unlikely that Canadian Pacific will be threatened by any new competitors in the freight industry for the foreseeable future.

Despite Canadian Pacific's size, the company is still dedicated to increasing its reach into new areas. In 2020, it made two major acquisitions. The first was the acquisition of the Central Maine and Quebec Railway, which expanded the company's presence in the Maritimes. The second was a majority ownership in the Detroit River Rail Tunnel, providing better access into the United States. As a result, Canadian Pacific's CEO Keith Creel was named *Railway Age's* Railroader of the Year for 2021.

This company could produce massive returns

It's very rare to see a company have a compelling case to produce 10-fold returns over the next decade. However, that's exactly the case with **Topicus.com** ([TSXV:TOI](#)). The company was once a subsidiary of **Constellation Software** until it was spun out into its own company this February. Much like its former parent company, Topicus is an acquirer of vertical market software companies. It differentiates itself from Constellation by focusing on the highly fragmented European market.

Despite now being its own entity, Topicus is still very much influenced by Constellation Software. Six members of its board of directors are executives from Constellation. To make it even more impressive, Constellation Software's president Mark Leonard is listed as a Topicus board member.

If Topicus can lean on this wealth of experience and avoid some of the critical mistakes that Constellation made when it was a young company, investors could see massive returns. Even if Topicus only manages to produce half of Constellation's returns since its IPO, shareholders should be very pleased.

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Date

2025/06/29

Date Created

2021/07/29

Author

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