



3 Top Canadian Stocks to Buy in May 2021

Description

It's no secret that the Canadian stock market is off to a hot start this year. Year to date, the **S&P/TSX Composite Index** is nearing an impressive 10% gain.

Even though Canadian stocks are on fire, I'm not letting that prevent me from loading up on top companies. We're probably due for a pullback at some point, but I'm not letting that assumption affect my investing strategy.

As a long-term investor, I'm focused on buying and holding market-leading companies. So even though prices are at all-time highs today, that isn't going to stop me from potentially adding any of these three top companies to my portfolio.

Investing in Canadian bank stocks

There are more reasons than one to own a Canadian bank in your portfolio. [Growth](#) might not be at the top of that list, but outperforming the market's growth over the long term is certainly not out of the question.

The banks were initially hit hard during the COVID-19 market crash. As interest rates plummeted, so did the Big Five's share prices.

Canadian bank stocks have fared much better this year. With a renewed interest in [value investing](#) in 2021, the banks have soared to all-time highs.

TD Bank ([TSX:TD](#))([NYSE:TD](#)) is at the top of my watch list right now. Shares of the \$150 billion bank are up nearly 20% year to date, and that's not even including its 3.7% dividend yield.

The growth of green energy

Renewable energy is one area of the market that any Canadian investor would be wise to invest in. The growth of green energy has been steadily rising over the past few years. Investors really saw that take off in 2020.

We've seen a cool-off in the sector over the past few months, so now is a rare chance to load up on a top green energy pick at a discount.

At the top of my list is **Northland Power Inc.** ([TSX:NPI](#)). The stock is up over 100% over the past five years, with the majority of that growth coming in 2020 alone.

The reason why I've got my eye on Northland Power is because of its broad exposure to the sector. Shareholders of Northland Power will gain exposure to the wind, hydro, and solar renewable energy markets.

In addition to the stock's market-beating growth potential, Northland Power also owns a [respectable dividend yield](#). At today's price, the stock's annual dividend of \$1.20 per share yields 2.7%.

High-priced tech stocks

The last stock on my list is one of my top picks on the **TSX** right now, **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#))

At a price-to-sales ratio above 60, Lightspeed stock is not for all investors. And as long as prices stay this high, the volatility likely won't be going anywhere.

The reason why I'm gladly adding to my Lightspeed position at these prices is because of the massive market opportunity. Lightspeed has built a robust cloud-based ecosystem of products that serve both online and brick-and-mortar retailers. It's far from just a point-of-sale hardware provider anymore.

The [tech stock](#) is up more than 350% since joining the TSX in March of 2019. It's been a bumpy two years, but patient investors have been well-rewarded.

If you're looking for a top pick to drive growth in your portfolio, Lightspeed is definitely worth paying a premium for.

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TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. NYSE:TD (The Toronto-Dominion Bank)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:NPI (Northland Power Inc.)
5. TSX:TD (The Toronto-Dominion Bank)

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