



3 of the Best Canadian Stocks to Buy Right Now

Description

With the market up 15% year to date, it's been a great year so far for Canadian investors. After largely trailing the U.S. market in 2020, [Canadian stocks](#) have seen a comeback year in 2021.

Expecting a repeat performance in the second half of the year may be a lot to ask. But considering the country is on the verge of fully reopening, I don't think it's out of the question.

Rather than looking to trim some of my positions while the market is at all-time highs, I'm focused on adding a couple of top Canadian stocks to my portfolio.

Here are three market-leading companies that long-term investors will want to have on their watch lists right now.

TD Bank

It's been a comeback year for both the Canadian market and the major banks. The Big Five all saw their share prices get slashed early last year, along with many other **TSX** stocks. The difference with the major banks was that they didn't rebound as well as many other companies following the COVID-19 market crash.

Toward the end of 2020 is really when we started seeing the banks heat up. That growth has continued into 2021, as the Big Five are all outperforming the **S&P/TSX Composite Index** year to date. Some of them are close to even doubling the gains of the broader market this year.

The bank at the top of my watch list is **TD Bank** ([TSX:TD](#))([NYSE:TD](#)). Canada's second-largest bank has been a consistent market-beater for years. It also owns a [top dividend](#), which yields close to 4% at today's stock price.

What separates TD Bank from its peers for me, though, is the bank's presence in the U.S. Already, one-third of the bank's net income is driven by its U.S. operations. And with the majority of its locations on the east coast, there's plenty of growth ahead to keep the market-beating gains coming.

Shopify

There's a reason why **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is valued as the largest company in the country. At a market cap now over \$200 billion, Shopify stock is up more than 4,000% over the past five years. It's been a 50-bagger for those that bought shares when the [tech stock](#) joined the TSX in 2015.

Such growth does not come cheap, though. Shopify stock has absolutely been worth the price of admission for shareholders, but a price-to-sales ratio above 60 can't be ignored by investors. At that kind of valuation, volatility should certainly be expected.

Even at these prices, I'm still comfortable adding to my Shopify position. The company is coming off a fiscal year where it grew quarterly revenue just shy of 100% in both its third and fourth quarters.

While the pandemic has created a tailwind for the e-commerce platform over the past year, that's incredibly impressive growth nonetheless.

Air Canada

Canada's largest airline, **Air Canada** ([TSX:AC](#)), was one of the most talked-about Canadian stocks last year.

The airline stock lost more than 70% of its value in barely over one month in early 2020. But after bottoming out in March 2020, the stock has more than doubled, easily crushing the returns of the Canadian market.

I was originally bearish on Air Canada when the pandemic first hit. The lack of certainty in the future of air travel had the airline stock nowhere near my watch list. There were too many unknowns for me to take a chance on Air Canada, regardless of the discounted price.

But as the country has begun easing social distancing policies, air travel as we know it has returned. It's not the exact same experience as it was prior to the COVID-19 pandemic, but my fear of the unknown with air travel is long gone.

If you're looking for reopening play, Air Canada stock is one of my top picks. We've already seen a strong return to domestic air travel and I don't anticipate that slowing down in the second half of the year.

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