3 Explosive Canadian Growth Gems That You've Probably Never Heard of

Description

Growth stocks are worth their weight in gold, especially for young investors who are willing to sacrifice near-term dividend payments for stock price appreciation and the hopes of a bountiful dividend years down the road. When you think of growth stocks, you're probably thinking of a high-risk, high-reward scenario, but the truth is, the risk doesn't have to be substantially higher than that of a conservative investment like a utility. One could also argue that for a young investor, your typical conservative investments, like bonds or GICs, could be the riskier long-term bet since a young investor has many decades to use the power of compounding.

Here are three high-growth hidden gems that deserve to be on your radar today.

Boyd Group Income Fund (TSX:BYD.UN)

Despite being called an income fund, this security only pays a 0.55% yield. The real reason to own the fund is for the capital appreciation that a long-term investor is likely to enjoy over the years. Boyd has soared over 560% over the past five years, and there are no signs of a slowdown as the company continues to gather positive momentum.

Boyd owns and operates collision repair shops across North America. This industry is really fragmented, so there's a huge opportunity for the company to consolidate. Boyd has made a large number of acquisitions over the past few years, and a large amount of synergies were squeezed from these acquisitions, which sent earnings surging over the past few years.

Boyd isn't done with its growth either. Going forward, the company is expected to make even more acquisitions as the company aims to double in size between 2015 and 2020.

Spin Master Corp. ([TSX:TOY](TSX:TOY))

Spin Master is the innovative company behind many popular toys that you may be familiar with, such as Hatchimals, PAW Patrol, and AirHogs, just to name a few. The most intriguing part of Spin Master is the management team's vision and the pipeline of innovative products. The company knows what kinds of toys that kids love, and that's a huge reason why many of Spin Master's brands won Toy of the Year awards.

Hatchimals was the hottest toy last holiday season, but unfortunately, Spin Master couldn't keep up with the explosive demand for the toy. This is a lesson to be learned, and rest assured, Spin Master will be ready once the next holiday season rolls around.

Spin Master is susceptible to the effects of seasonality, and right now would be the low point. I would buy shares now before the stock explodes later in the year.

Shares trade at a 30.39 price-to-earnings multiple, which I believe is a bargain considering the company's strong long-term growth profile.

Sleep Country Canada Holdings Inc. ([TSX:ZZZ](#))

As a Canadian, you're probably aware of the Sleep Country brand and its catchy jingle. But I bet you didn't know that the company's shares are public on the TSX with the ticker ZZZ.

Shares of ZZZ have shot up 64% over the past year, and the company is quick to adapt to a changing mattress retail environment. That's right; the mattress industry is experiencing a disruption because of digital retailers. But Sleep Country had a response of its own with its Bloom mattress-in-a-box product which is meant to compete with Casper and Leesa.

Going forward, Sleep Country has the opportunity to grow its accessory sales, while expanding its brick-and-mortar locations and investing in its e-commerce platform.

Shares trade at a 28.7 price-to-earnings multiple, which is not too absurd considering the promising growth prospects you get with Sleep Country. Rest assured, you probably won't lose too much sleep by owning shares if you buy incrementally on any signs of weakness going forward.

Stay smart. Stay hungry. Stay Foolish.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:TOY (Spin Master)
2. TSX:ZZZ (Sleep Country Canada)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing

Date
2025/08/18
Date Created
2017/07/19
Author
joefrenette

Footer Tagline