Growth Investors: 2 Stocks That Have Outperformed the TSX and That Could Grow More!

Description

The TSX has finally been able to sustain some positive increases this year, and year-to-date returns have totaled 4%. Those returns likely don't offer a lot of excitement for investors, and you probably want to invest in stocks that don't follow the market. Outperforming the TSX's mediocre returns hasn't been hard to do, and many stocks have seen returns north of 4%.

However, I'm going to take a look at two stocks that have outperformed the TSX by a wide margin that could still be great buys today.

Stars Group Inc. (TSX:TSGI)(NASDAQ:TSG) has seen its share price rise more than 33% this year, but it has seen a rocky path after first reaching a high of over $26 and then tumbling down to under $20 and finally moving back up to $25. Although the company had a strong second quarter, which it reported in August, and its stock did initially climb on the results, a big sell-off in price followed shortly after as investors cashed in on their gains. It wasn't until September when Stars Group announced that it was raising its outlook for the year that the stock recovered and reached its current price.

The company announced last month that its recent poker tournament broke a record with over 107,000 players and a prize pool of $90 million. With online poker continuing to grow, Stars Group offers a lot of potential for its sales to continue to grow. In its last fiscal year, the company saw a decent 8% increase in its revenue while netting a great 12% profit margin.

The stock has slowed a bit in the last month as the share price rose just 1.5%. However, the stock provides some good value for the strong growth opportunities that it presents for investors.

Cott Corp. (TSX:BCB)(NYSE:COT) has also seen strong returns with its stock price rising 23% year to date. The company announced earlier this year that it will be getting out of its traditional beverage business with the sale of the segment to Refresco, a company based out of Europe.

The move reinforces Cott's transition away from sugary sodas and drinks to coffee, tea, and water filtration. Cott is focused on trying to re-position itself as a healthy brand, and with the change the company believes it will provide more growth and stability to its revenue. This is a good move by Cott, as there is definitely a growing trend towards more health-conscious products and away from pop.

The significant change in strategy will make it difficult for investors going forward to compare performance, since the beverages segment contributed a significant portion of the company’s revenue. In the first six months of the year, beverages made up more than a third of Cott’s total sales.

With four straight quarters of net losses, Cott is hoping that this change in direction will be able to give the company a healthier net income and a brighter future overall. There will certainly be some transition, as the company changes course and costs could rise in the short term, but over the long term, the changes should pay off for the company and its investors.

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Date
2025/08/21
Date Created
2017/10/24
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