The 2 Best TSX IPOs to Own From the Class of 2017

Description

The Canadian IPO market has gotten off to an exceptionally slow start through the first three months of 2018. Just one company — **Pinnacle Renewable Holdings Inc.** (TSX:PL) raised $150 million — listed its shares on the TSX.

This time last year, a total of $571 million was raised on all Canadian exchanges, the second-best opening quarter in the past decade.

So, if you're looking for IPOs to invest in, you're better to look at the class of 2017. Several prominent companies went public last year.

These are the two best TSX IPOs to own from the class of 2017.

Canada Goose Holdings Inc. (TSX:GOOS)(NYSE:GOOS)

Just the other day, I was watching a U.S. interview show, and the interviewer was wearing a Canada Goose jacket for millions of Americans to see and buy.

You see them everywhere these days, and its expansion has only gotten started. As an IPO stock, GOOS has held up well so far in 2018, up more than 9% compared to the TSX, which is down almost 6%.

In the current volatile state of the markets, who knew that a growth stock would be the stable stock to own? But that's exactly what's happening.

Canada Goose is a triple threat. It does wholesale, brick and mortar, and online all generally well. It's got a game plan for growth that strikes the right balance between too much and too little.

“Year to date, we added e-commerce sites in seven new markets, opened five new stores across three continents, including our partner operated store in Tokyo, and we successfully added more than 700 employees,” stated Dani Reiss, president & CEO, in the company’s Q3 2018 press release in early February. “As we look ahead, we continue to build deeper relationships with our fans and bring new people into the world of Canada Goose.”

That to me sounds like a founder who’s got his feet planted firmly on the ground.

Fool.ca contributor Joey Frenette believes investors ought to wait for a better entry point over the next few months. While I don’t disagree that Canada Goose’s valuation is very pricey, as I said in March, sometimes quality costs more.

If you’re a long-term investor, I see no problem taking a position today, leaving cash in your account to buy more should a better entry point come along.

As Canadian retail stocks go, it’s got to be considered one of the best.

Fairfax Africa Holdings Corp. (TSX:FAH.U)

A little over a year since its shares were listed on the TSX, the excitement seems to have worn off Prem Watsa’s latest investment vehicle.

Fairfax Africa went public last February at US$10 a share; by Halloween, its stock was trading at almost $16, but it has since come back down, losing 17% of its value in the ensuing four months.

Is it headed higher or lower?

Well, if I knew that for certain, I wouldn’t be writing for a living. But seriously, it has been a Jekyll-and-Hyde type of performance. I think a lot of investors piled into the stock last year to ride the wave of success in emerging markets and have now moved on to other opportunities.

Fool.ca contributor Ambrose O’Callaghan believes that despite the forecasted GDP growth of 4.1% in Africa in each of the next two years, investors can do better. He might be right.

However, with the able hands of Prem Watsa steering its long-term future, I have no doubts Fairfax Africa will be a winner over the long haul because the African demographic trends, not to mention possessing some of the most undervalued businesses relative to Asia and North America makes Africa one of the best places for Watsa, a preeminent value investor, to be operating.

The downturn in 2018 is merely an opportunity for investors to get in at a much more reasonable price than you would have gotten just four months earlier.

Buy away.

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