



3 Growth Stocks in Rising Industries That Can Electrify Your TFSA for the Long Haul

Description

After a choppy start to 2018 for the Canadian stock market, the S&P/TSX Composite Index managed to put together a rally in late April. Investors on the hunt for growth should not only target quality companies, but those that are involved in growing industries. Today, we will focus on three stocks that fit the bill and could yield explosive gains in the long term.

Zymeworks Inc. ([TSX:ZYME](#))(NYSE:ZYME)

Zymeworks is a Vancouver-based clinical-stage biopharmaceutical company. [Shares have surged in 2018](#) after the stock sputtered for much of the previous year. The flagship product offered by Zymeworks is ZW25, an antibody designed to target gastric, ovarian, and breast cancer tumours.

In the first quarter, Zymeworks announced the opening of new sites in Canada and the United States for its adaptive phase-one study of ZW25. According to research from Global Market Insights Inc., the breast cancer therapeutics market is expected to grow to over \$28 billion by 2024. This is in large part due to the increased prevalence of breast cancer, favourable insurance and reimbursement policies, and the launch of diagnostic and screening programs worldwide.

Zymeworks is still in the early stages, but ZW25 has shown early promise, which makes the company an enticing speculative addition in May.

Canopy Growth Corp. ([TSX:WEED](#))

Canopy Growth is an Ontario-based cannabis producer. The stock has been mostly flat in 2018 as of close on May 10. This is in large part due to a general retreat in the Canadian cannabis market, with sell-offs sparked by broader weakness in the stock market.

Canopy Growth has recorded the highest quarterly revenue of any producer in the Canadian cannabis sector — \$21.7 million in Q3 fiscal 2018. It also achieved record sales of \$1 million in Germany. Institutional and retail investors alike are excited about the growth potential that the Canadian cannabis industry offers. However, there has been some debate about just how large the market can grow.

According to Statistics Canada, Canadians spent \$5.7 billion on cannabis in 2017. The report estimated that 90% of this was spent for recreational purposes, which is currently illegal. Bruce Linton, CEO of Canopy Growth, has suggested that the Statistics Canada numbers are not reflective of the potential of the market. He has projected that the cannabis market could reach \$8-10 billion in value when marketing and distribution kicks into full gear.

Magellan Aerospace Corp. ([TSX:MAL](#))

Magellan Aerospace is a Mississauga-based aerospace and defence company. Its stock had dropped over 11% as of early afternoon trading on May 10. However, a [jump in military spending in North America and around the world](#) is reason enough to be optimistic for any company with a footprint in the defence sector. According to a report from the Stockholm International Peace Research Institute (SIPRI), global military spending hit \$1.7 trillion in 2017. This is the highest figure since the Cold War.

Magellan released its first-quarter results on May 3. Revenues were down 1.4% year over year to \$244.6 million, and gross profit dipped 7.1% to \$40.4 million. The company declared a quarterly dividend of \$0.085 per share, representing a 1.6% dividend yield.

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2. TSX:WEED (Canopy Growth)

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