



2 Unloved High-Growth Canadian Stocks to Buy and Hold

Description

They're getting overlooked by investors, and they have great futures ahead of them. Let's take a look at the two of the best unloved Canadian stocks with noticeable growth potential.

Gold and green are today's lucky colours

Okay, so **Alacer Gold Corp.** (TSX:ASR) is based in the U.S., but let's not hold that against it. It's a currently the best unloved high-growth stock on the TSX. If you don't know Alacer, it's a [pure-play gold stock](#), and it deserves your attention. Alacer has a strong presence in Turkey, where it has an 80% interest in the Çöpler Gold Mine project. A low-cost pure-play gold option for the mining section of your portfolio, Alacer is involved in numerous high-potential exploration projects across Turkey.

Why is it a buy? With a very healthy balance sheet boasting solid assets, Alacer's MO is to grow its portfolio value, max out free cash flow, and bring project risks down to the absolute minimum. It's already doing a great job, so if you buy this stock, you can rest assured that Alacer's management is working to create value for you and your fellow shareholders.

Next up is **Northland Power Inc.** ([TSX:NPI](#)), your go-to green power developer. With projects in Europe and Canada, Northland Power doesn't have the highest potential growth of the two stocks listed here, but there are other factors at play.

First of all, direct trade between Canada and Europe is going to be big in the near future, and that's going to be a trend that is unlikely to start going backwards anytime soon. Second, [green energy is a growth sector](#) and has a great future ahead of it. If you want to bet on an unloved Canadian stock in the green power sector, this is the one.

It's number-crunching time

High growth potential is one of the core metrics when you're looking at stocks to buy and hold. When those stocks are also getting overlooked by the majority of investors, it's even better for eagle-eyed stock pickers. But the proof is in the pudding, as they say, so let's take these stocks apart and look at their vital stats.

Alacer is trading at \$2.56 a share. Yes, less than three bucks a pop! With a low P/E of 5.6 times earnings Alacer beats its sector *and* the TSX for value. It has a great PEG, too, at just 0.2 times growth. Price to book is looking almost market neutral at 0.7 times book. Expected annual earnings growth is a whopping 29.3%, so there's your main reason for buying.

Northland Power is up at \$24.21 a share. Word must be getting around about this stock, because its share price has been generally climbing since February.

It's still way undervalued, though, compared to its future cash flow value of \$79.91. Its P/E of 20.7 times earnings beats the green energy sector, though Northland Power exceeds the market. Its PEG of 0.9 times growth is good and healthy, too. However, its P/B is a rather high 5.5 times book, so it's a little overvalued in terms of assets. With an expected annual earnings growth of 22%, you're looking at a good reason to buy.

The bottom line

Alacer is a buy if you're shopping for a high-growth pure-play gold stock. Pick up Northland Power while you're at it, if you want to add green energy to the power section of your portfolio. Both stocks have the potential to do very well down the road, so get in now while they're discounted.

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