

Here Is Why Goeasy Ltd. (TSX:GSY) Is a Top Financial Stock for Millennials

Description

Goeasy Ltd. (TSX:GSY) stock had surged 17.5% in 2018 as of close on July 18. Shares are also up over 50% year over year. The alternative financial company is set to release its second-quarter results in early August after a record Q1 report.

Goeasy has been one of the [best financial stocks on the TSX](#) over the past year. This is one of the many reasons it is my favourite stock for millennials going forward. The Mississauga-based company is well positioned to take advantage of [evolving trends in personal finance](#) that could lead younger demographics to alternatives.

A survey released by Angus Reid this month revealed some troubling financial realities facing Canadians today. The study attempted to perform a deeper analysis of personal finance that did not include baseline measurements of income and wealth. In the report, 21% of respondents said that they could not afford dental care, and nearly 25% said that they recently had to borrow money to buy groceries.

Angus Reid split the respondents into four groups: "Struggling," "On the Edge," "Recently Comfortable," and "Always Comfortable." Those in the "Struggling" or "On the Edge" categories were facing at least one money-related challenge currently. Millennials were overrepresented in both of the lower categories. They made up 34% of respondents in the "Struggling" category and 36% in the "On the Edge" category. This is compared to 29% and 24% of "Recently Comfortable" or "Always Comfortable" respondents.

How does this relate to Goeasy? Goeasy offers merchandise leasing of household furnishings, appliances, and home electronic products to consumers under weekly or monthly leasing agreements. It also offers unsecured installment loans to consumers. One of the prerequisites for the lower tiers in the Angus Reid survey was the use of a payday loan-type service. These are typically high-rate short-term loans that have a default rate ranging from 10-20%. With compound interest, these loans can also reach over 100% interest on an annual basis.

Goeasy has appealed to a younger demographic because it offers an alternative to the big banks, which typically have stringent loan qualifiers, and also from payday loans. The company also offers credit monitoring services that allows its clients to improve credit scores in order to improve their personal financial profiles.

In the first quarter of 2018, Goeasy reported that its consumer loans receivable portfolio reached \$601.7 million, representing a 55.5% increase from the prior year. This growth was powered by improved retention rates and the company's expansion into Quebec. The company also announced a quarterly dividend of \$0.225 per share, representing a 1.8% dividend yield.

Goeasy reported its 32 consecutive quarter of same-store sales growth in the first quarter and its 67 straight quarter of profit. Millennial investors looking long should be attracted to Goeasy for its recent successes and for the trends in personal finance for which it is well positioned. It also offers a solid

dividend.

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