



3 Quality High-Growth Stocks to Buy for Capital Gains

Description

High-growth investors have a lot to choose from on the TSX at the moment. From marijuana stocks with high growth ahead to mining stocks that promise to line their investors' pockets with gold, this is a good time to be a capital gains investor. However, some areas tend to get a little overlooked, with the above industries enjoying plenty of headlines while others see less public chatter.

Below you will find three high-growth stocks that offer a lot of upside (and, in one case, a +9% dividend. Let's take a closer look at three of the most stable high-growth stocks on the TSX that will offer you the opportunity to win big further down the line.

Gluskin Sheff + Associates (TSX:GS)

[Gluskin Sheff + Associates](#) is probably the number one publicly owned investment manager you didn't know you needed to own shares in. It's a clear buy today –it's discounted by 22% compared to its future cash flow value and displaying two nice ratios: a P/E of 13.2 times earnings and a PEG of 0.6 times growth. Its P/B of 4.3 times book is rather high, though, so let's see whether its growth outlook justifies that.

Would you pay four times book price for a 21.7% expected annual growth in earnings over the next one to three years? If you are still on the fence, bear in mind that this is a very high quality stock: it had a return on equity of 33% last year, is paying a dividend yield of 9.76% at today's prices, and carries zero debt.

IGM Financial or **Toronto-Dominion Bank** would be your closest competitors here, if you do want to shop around, although what Gluskin Sheff + Associates does both in the real world and as a ticker are rather different. Therefore, you can comfortably hold most of Gluskin Sheff + Associates's competitors and still keep some diversification in the financials section of your portfolio if you buy.

Savaria ([TSX:SIS](#))

[Savaria](#) is involved in designing and engineering high-quality devices for personal mobility in Canada, the U.S., and elsewhere internationally. If you know of anybody with a personal mobility unit, chances

are you will have heard of Savaria.

Overvalued by around 70% of its future cash flow value, Savaria is a dud when it comes to value: it has a high P/E of 36.8 times earnings, so-so PEG of 1.4 times growth, and P/B of 4.6 times book. But is it worth paying over the odds for high growth? A 26.6 % expected annual growth in earnings over the next one to three years might twist your arm.

Savaria's return on equity was 12% last year, and it pays a current dividend yield of 1.76%; compared to its net worth, Savaria holds 31.1% debt. In all, it's an okay stock in terms of quality. Its competitors include **Handicare Group**, **NFI Group**, and **ATS Automation Tooling Systems**, just in case you want to check out what else is around in this industry.

Ballard Power Systems ([TSX:BLDP](#))([NASDAQ:BLDP](#))

Ballard Power Systems is globally active in designing and developing proton exchange membrane (PEM) fuel cell products; it is also engaged in their maintenance plus the manufacture and sale of related goods.

Overvalued by about four times its future cash flow value, Ballard Power Systems has wayward market fundamentals at the moment, making its P/E and PEG ratios unreadable; however, a P/B of six times book probably tells you all you need to know in terms of valuation.

A 71.5% expected annual growth in earnings over the next one to three years is really what the draw is here. With a very low debt level of only 5.5 of net worth, it's certainly got a decent looking balance sheet with regards to assets, even if you are paying six times what they are worth. With regards to competitors, **General Electric**, **Caterpillar**, and **Danaher** are all good stocks in a similar field.

The bottom line

With good-quality stocks like these, there is little wonder growth investing is so popular. If you have generally only bought stocks for their dividends, try out one of the two stocks above that also offer passive income; otherwise, consider all three for a high-growth trio that is projected to make good down the road.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:BLDP (Ballard Power Systems Inc.)
2. TSX:BLDP (Ballard Power Systems Inc.)
3. TSX:SIS (Savaria Corporation)

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vhetherington

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