3 Red-Hot (Non-Marijuana) Stocks for Young Investors

Description

Marijuana stocks are on fire. After a sluggish first half of 2018, major weed plays like **Aphria**, **Canopy Growth**, and **HEXO** have all skyrocketed 80% or more over just the past month.

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Of course, if you're a young growth investor who'd rather completely stay away from the marijuana mania, you have nothing to worry about — there are plenty of other stocks in other industries that are also showing strength. While they're not dominating the financial headlines quite like cannabis plays, it's fair to say that they don't have as much speculation driving their gains, either.

Here are three that look especially attractive to me, as they're all being fueled largely by strengthening fundamentals.

MTY Food Group

MTY Food Group (TSX:MTY) posted strong quarterly results in early July, and the stock hasn't looked back since. Shares of the quick-serve restaurant operator are up a solid 30% over the past three months.

In Q2, MTY recorded Q2 EBITDA of $35.5 million — a historical high for the company — as sales spiked 23% to $744.7 million. Management also declared a quarterly dividend of $0.15 per share.

MTY currently trades at a forward P/E in the low-20s. So, even after the recent run, it still seems reasonably priced. Moreover, with a beta of 0.75, risk-averse investors should be able to handle the volatility.

Alimentation Couche-Tard

Over the first five months of 2018, **Alimentation Couche-Tard** (TSX:ATD.B) shares lost nearly 20% of their value. But since then, the convenience store operator has bounced about 27% off those May lows.

After a pair of disappointing quarterly reports to start the year, Alimentation has now posted back-to-back market-topping quarters. In its most report, earnings clocked in at $455.6 million as revenue jumped 28% to $3.6 billion. Moreover, management posted an impressive return on equity and return on capital employed of 23.8% and 12.3%, respectively.

With the stock still trading at a seemingly fair PEG of 1.1, there might be some room left to buy into Alimentation's long-term growth going forward.

Sierra Wireless

Sierra Wireless (TSX:SW)(NASDAQ:SWIR) is another stock that's bouncing back fiercely. After sinking about 17% over the first seven months of 2018, the stock has rocketed more than 35% over just the past six weeks.

Why all the enthusiasm? Well, it all centres on the tech company's growth prospects within the "Internet of Things" (IoT) — basically the concept of connecting consumer devices to the internet. And a recent 210% spike in Q2 IoT revenue suggests that Sierra has what it takes to capitalize long term.

After the recent run, Sierra currently trades at a forward P/E of 23. That doesn't seem cheap, but when you consider the stock's still-reasonable PEG of 1.1, Sierra's upside remains attractive.

The bottom line

There you have it, Fools: three red-hot non-marijuana stocks that are worth checking out. While they probably can't provide the quick-hitting profit potential that weed plays can, their volatility is certainly easier to stomach.

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