



5 of Canada's "Sexiest" Growth Stocks That Could Double by 2020

Description

If you're a follower of Jim Cramer of *Mad Money*, then you know that FANG stocks — Cramer's acronym for **Facebook**, **Amazon.com**, **Netflix**, and Google (now known as **Alphabet**), has been all the rage over the past several years. They've been the highest of flying U.S. stocks, and they've been leading the markets higher for quite some time now.

On this side of the border, we don't have a Cramer, but we do have explosive growth stocks that could give FANG stocks a good run for their money. I've done the homework and have compiled a list of five of the highest-flying Canadian growth stocks that look to be the Canadian equivalent of FANG. I believe these stocks could allow Canadian investors to obtain FANG-like returns without needing to venture south of the border and surrendering to an exchange rate that's less than favourable.

The Globe and Mail recently coined the acronym DOCKS, which aimed to capture Canada's high-flying tech stocks. While the list had some intriguing names, I made some adjustments to better capture what Canada's growth scene is all about. More specifically, I cut out two "Steady Eddie" software stocks for two non-tech stocks that I believe are capable of much more growth over the long term.

So, ladies and gentlemen, I'd like to introduce you to SOCKS: **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), **OpenText** ([TSX:OTEX](#))([NASDAQ:OTEX](#)), **Canada Goose Holdings** ([TSX:GOOS](#))([NYSE:GOOS](#)), **Kinaxis** ([TSX:KXS](#)), and **Stars Group** (TSX:TSGI)(NASDAQ:TSG).

We've just been hit with a scary October sell-off with tech names taking most of the damage, so if you've got cash sitting on the sidelines, now is as good a time as any to put it to work in one or more of the beaten-up SOCKS names.

Let's have a brief look into each one of these Canadian growth kings!

Shopify

Here's an e-commerce superstar that needs no introduction. The stock has been a massive multi-bagger since its 2015 IPO, and although short-seller Andrew Left has caused rockier times, from a long-term perspective, Shopify stock continues to look unstoppable.

Not even Amazon wants to compete with the e-commerce juggernaut that caters to small- to medium-sized businesses (SMBs). With digital [cannabis sales](#) picking up traction, Shopify could experience massive growth that would make you think the company were based out of Silicon Valley.

Subscriber churn rates are the question mark at this juncture, and given the potential for high merchant bleed come the next recession, I'd encourage investors to be cautious with Shopify, as shares are by no means cheap at 16 times sales.

Open Text

Open Text is a Canadian developer of enterprise information management (EIM) software for various clients, including corporations and government entities.

What the heck does that even mean?

The company creates applications that allow clients to archive, aggregate, retrieve, and search for unstructured information to find value and insight out of data that would have never been economical to collect and analyze.

Open Text is a play on big-data analytics, a sub-industry that's going to red-hot over the next decade, as everyday companies flock to obtain any advantage they can get. Add the emergence of Internet of Things into the equation, and you've got the perfect formula for what I believe could be accelerating top-line growth.

At just 12.8 times forward earnings, the stock is a gift at today's levels.

Canada Goose Holdings

This is the non-tech holding, but the Goose is growing like it's nobody's business. And it's growing profitability. So, I'd be remiss to not include the company given major near- to [medium-term catalysts](#) on the horizon that could sustain year-over-year top-line growth numbers well above 50% over the next few years.

The management team, led by Dani Reiss, is incredibly talented, and when you consider the potential for further margin expansion, I think the Goose is worth every penny of its premium multiple and would encourage investors to nibble away at any sort of weakness.

Kinaxis

This software-as-a-service player offers sales and operations planning, and supply-management solutions. The company is a Canadian cloud king with its RapidResponse offering, and with incredibly innovative technologies built in, there's no question that the company could be the next big multi-bagger to emerge from Canada's tech scene.

Stars Group

The diversified gambling company behind Poker Stars has been clobbered since summer with shares down nearly 40% from their peak. Given the explosive growth potential from an emerging global sports betting scene, I'd say investors should ride out the tough times as management continues to integrate its prior sports-betting acquisitions. They're tough to digest, but in time they'll pay off!

At just 8.6 times forward earnings, the valuation just doesn't make any sense whatsoever, and I think the stock's ripe for an upside correction.

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TICKERS GLOBAL

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2. NYSE:GOOS (Canada Goose)
3. NYSE:SHOP (Shopify Inc.)
4. TSX:GOOS (Canada Goose)
5. TSX:KXS (Kinaxis Inc.)
6. TSX:OTEX (Open Text Corporation)
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Author

joefrenette

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