3 Canadian Stocks to Realistically Double Your Money in 2019

Description

Going on the hunt for the next big double can lead you into a boat load of trouble if you're not careful. With greater reward comes a higher degree of risk that you'll end up taking on, and if you don't ensure proper due diligence prior to pulling the trigger on a stock, you could find yourself running into a trap that could lose half of its value at a whim.

With that in mind, it's important that to gauge the level of risk you'll end up taking on, because double candidates tend to be more volatile than your average security. If you've got the stomach and a long-term horizon, however, it may be worthwhile to place a big bet on a rebound candidate like the ones I'll mention in this piece.

Without further ado, here are three stocks that could *realistically* double in 2019.

Bausch Health Companies (TSX:BHC)(NYSE:BHC)

The old Valeant is dead. Bausch Health Companies is a legitimate growth contender with an incredible manager in Joseph Papa at the helm. Papa has done wonders for Bausch since stepping in to rescue the sinking ship captained by ex-CEO Michael Pearson that appeared destined for the bottom of the sea.

There was a ridiculous amount of debt weighing down the balance sheet, so the company was a ticking time bomb of insolvency that Joe Papa appears to have successfully defused through fast-and-furious debt repayments made possible by the divestiture of non-core assets.

Fast forward to today, and Bausch is done with divesting assets. It is now on the growth track with an actual R&D budget — something that Papa's predecessors gutted out of the company years ago.

Bausch isn't out of the woods yet, as there's still plenty of debt to repay, but now there's a drug pipeline moving along and several blockbuster candidates that could send Bausch skyrocketing into the atmosphere.

Roots (TSX:ROOT)

What a complete dud Roots was in 2018, as shares lost over 70% of their value. The ambitious U.S. growth expedition appeared to have spoiled along with the entire growth thesis, as Roots struggled to bolster its comps (same-store sales flopped 13.4% in the third quarter).

Fellow Fool Will Ashworth noted that management made a huge rookie mistake by not adequately preparing for headwinds that should have seemed obvious. While there's no question management has done an abysmal job at running Roots as a publicly listed company, I am bullish on the company's year-ahead outlook now that the bar has been lowered substantially.

The big boom and bust that come months (and years) after an IPO are nothing new to me. IPOs are often overhyped and overvalued, as investors buy into overly ambitious growth theses and sanguine management commentaries. There just wasn't enough info to gauge the company's intrinsic value or the capabilities of management.

Today, now that the stock is light-years below its high, I think deep-value investors may want to begin nibbling away at shares before they bounce on the slightest of improvements, which will surely impress everybody on the Street.

Spin Master (TSX:TOY)

It's been a tough year for Spin Master given the fallout of the Toys "R" Us bankruptcy, which left a huge void in the toy industry. The stock plummeted over 40% from peak to trough, which is absolutely ridiculous, considering the many years of high double-digit earnings growth that lie ahead of the company.

Moreover, many investors underestimate the recession resilience of toy makers, especially the innovative toy firms that have developed **Apple**-like ecosystems. *Paw Patrol* isn't simply a toy. It has a TV show, the games, and many more branded pieces of merchandise. Many kids can't get enough of *Paw Patrol*, and Spin Master is continuously releasing new products and content to keep kids engaged.

Spin Master is still a discretionary company that's sensitive to the market cycle. But when you consider the fact that parents, grandparents, aunts, and uncles love to spoil the kids, it's not a mystery as to why toy companies hold up better than expected in economic downturns.

At this juncture, Spin Master is severely overblown and could be an easy double for 2019 should investors finally give merit to quarterly results. The stock trades at 15.9 times next year's expected earnings, which is way too low considering the catalysts in store for 2019.

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1. NYSE:BHC (Bausch Health Companies Inc.)
2. TSX:BHC (Bausch Health Companies Inc.)
3. TSX:ROOT (Roots Corporation)
4. TSX:TOY (Spin Master)

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Date
2025/07/20
Date Created
2019/01/10
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