
3 Red-Hot Stocks on the TSX Index

**Description**

Hi there, Fools. I'm back to highlight three stocks that have risen sharply over the past week. Why? Because when a given stock spikes over a short period of time, one of two things usually happens:

- The stock keeps on climbing as momentum traders climb aboard for the ride; or
- The stock pulls back as value-oriented investors look to take profits off the table.



Fundamentals are still the most important factor, of course. But making the right move on red-hot stocks can have a significant impact on long-term returns.

Let's get to it.

## Jet setting

Leading off our list is plane and train manufacturer **Bombardier** (TSX:BBD.B), which soared 21% last week.

What triggered the pop? Well, the company turned an annual profit for the first time in five years — 2018 income of US$318 million — driven by strong results in its business jet division. Moreover, Q4 free cash flow clocked in at $1.04 billion, reigniting investor optimism as management enters the latter stages of its five-year turnaround plan.

"As we begin the fourth year of our turnaround journey, Bombardier is a much stronger company," said President and CEO Alain Bellemare. "Our major program risks are retired, our heavy investment cycle is behind us and our franchises are well positioned for growth."

Even with the recent rally, Bombardier shares remain off 55% from their 52-week highs.

## Easy does it

Next up is alternative lender **goeasy** (TSX:GSY), whose shares popped 10% last week.

The company posted strong Q4 results on Wednesday, and investors have been applauding since. Quarterly EPS came in at a record $1.02, revenue jumped 29%, and its loan portfolio grew 58%. The company also generated a record $265 million of loan originations.

Based on that strength, management even pumped the dividend 38% to $1.24 per share.

“We had a strong and productive fourth quarter, rounding out another record year for the company,” said President and CEO Jason Mullins. “Our brand awareness reached an all-time high of 84%, which leads the industry for non-prime lenders.”

Even with the recent pop, goeasy shares remain off 19% off their 52-week highs and currently sport a decent dividend yield of 2.8%.

## Improving assets

Rounding out our list is asset manager **CI Financial** (TSX:CIX), whose shares rallied 9.7% last week.



CI has been struggling with net outflows amid the rising popularity of passive-investing vehicles, but recent results suggest that things may be improving. Despite a Q4 revenue decline of 11%, EPS managed to improve 12% to $0.57. More importantly, the company continued to generate hefty free cash flow: $156.5 million during the quarter.

“Despite a very challenging environment for asset managers in 2018, we were able to report record earnings per share and record free cash flow by focusing on the controllable parts of our business,” said CEO Peter Anderson.

With the stock still down more than 30% from its 52-week highs and offering a dividend yield of 3.9%, now might be a good time to bet on that turnaround momentum.

## The bottom line

There you have it, Fools: three red-hot stocks that might be worth looking into.

As always, they aren’t formal recommendations. Instead, think of them as a starting point for further research. Momentum stocks are particularly fickle, so extra caution is required.

Fool on.

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1. Investing

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1. Editor's Choice

**TICKERS GLOBAL**

1. TSX:BBD.B (Bombardier)
2. TSX:CIX (CI Financial)
3. TSX:GSY (goeasy Ltd.)

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