



A Boring and Cheap Stock That Could Make You Filthy Rich

Description

Jamieson Wellness ([TSX:JWEL](#)) is a ridiculously cheap growth stock that may be mistaken for a no-growth stalwart with little to no gas left in the tank. As an integrated dietary supplements company, you'd think that there's no opportunity in the sale of simple vitamins and minerals. What you may not realize, however, is just how massive the vitamins, minerals, and supplements (VMS) space really is, especially with the multi-decade generational tailwinds on the horizon.

A generational opportunity

Ageing Baby Boomers and the health-conscious Millennial cohort are expected to increase their VMS consumption as time progresses. In addition, with the company's limited exposure to international markets, a trusted VMS player like Jamieson has a world of growth opportunities just ahead of it.

When you consider the VMS market growth potential and the sales growth opportunities from promising international markets like China, only then does it become apparent that Jamieson is a high-growth gem that could turn into a major multi-bagger.

At the time of writing, shares are down considerably (around 34%) from their all-time highs, thanks in part to strategic partner concerns among other issues that have resulted in muted results for 2018.

With shares now hovering near IPO levels, I think the stock is an absolute steal, especially when you factor in the potential for growth into the untapped Chinese market, where Jamieson is one of the most recognized foreign brands. With an ever-expanding portfolio of new and classic VMS products slated to hit the Chinese market, the company could be on the verge of a massive growth spurt.

Approximately only 8% of revenues being derived from international markets, Jamieson has an opportunity to kick it into high gear with its Chinese expedition, which may pick up meaningful traction in 2019. Here in Canada, domestic brands account for 71% of revenues, with various VMS products, sports nutrition products, and innovative new products that aim to better cater to millennial cohorts (they like protein), and a line of fish oils that lack those dreaded "fishy burps."

Fishin' for returns

Fellow Fool Brad Macintosh recently shed light on the [global fish oil market](#) in his prior piece, noting that the demand for fish oil is expected to surge to as high as US\$3.7 billion by 2025. More specifically, quality fish oil is going to be in high demand, and “trusted quality” is where Jamieson really shines over the competition.

In prior pieces, I highlighted Jamieson’s reputation for quality as its moat despite operating in a fairly commoditized VMS space. As you may know, unrecognizable, cheaper VMS brands may not be delivering precise amounts of the vitamin or mineral promised on the label of its packaging. Cheap, rancid fish oils that produce “fishy burps” aren’t only disgusting to take, but they may not be as effective as purer, high-quality fish oils.

China’s a golden opportunity

Macintosh also noted that e-commerce powerhouse **Alibaba Group Holdings Limited** (through Tmall) could help Jamieson spread its wings in its first year of serious Chinese growth.

As Jamieson is already a top foreign brand in China, I think Jamieson could be in the first innings of what could be a game full of grand slam home run. Pending a potential ban as retaliation by China over Canada’s arresting of Huawei CFO Meng Wanzhou, I think Jamieson has a breakaway in the Chinese market, and at just 2.2 times sales.

With all this in consideration, I consider Jamieson stock to be an [absolute steal](#) at \$17 and change. That’s just ridiculous undervaluation given the near-term catalysts (China), the longer-term growth potential behind the brand, the product innovation, and the other untapped international markets that could propel the top-line.

The company is slated to release its Q4 and full-year results next week. I’d nibble away at shares before the report, as I have a feeling that it may be the one that sparks a much-needed relief rally. Who knows? This could be your last chance to score a 2% yield from the VMS growth sensation.

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