Are These the Best Canadian Growth Stocks Money Can Buy?

Description

Energy, mining, and Canadian cannabis continue to offer growth investors the potential for upside – though not all of these industries provide stocks with the same mix of value, outlook, and passive income. The following representative stocks are a good place to start if you're looking for high expected growth in earnings over the next couple of years, so without further ado, let's take a look at some of their data.

Lundin Mining (TSX:LUN)

This champion TSX index mining stock gained 11.45% in the last five days and has seen more inside buying than selling in the last three months. It had a good half a decade, with a five-year average past earnings growth of 21.6%.

Super healthy, its flawless balance sheet is typified by a level of debt at 0.3% of net worth. It's great value, too, currently trading at book price with a P/E of 18.3 times earnings, as well as a PEG of 0.7 that indicates Lundin Mining's good value based on its expected growth. A rare dividend yield of 1.84% is on offer, matched with a 25% expected annual growth in earnings.

Enbridge (TSX:ENB)(NYSE:ENB)

The first of two TSX index energy stocks on today's list. Enbridge is up 1.29% in the last five days at the time of writing with a 38.1% expected annual growth in earnings over the next one to three years. Throw in a sizeable dividend yield of 6.23%, and this stock is a strong buy.

A five-year average past earnings growth of 33% should satisfy investors looking for a strong track record, while decent valuation is indicated by a P/B of 1.6 times book that's only slightly above the market average.

Canacol Energy (TSX:CNE)

Canacol Energy has the potential to reward investors with upside, with a 100.2% annual growth in earnings expected over the next couple of years. Likewise, a 21.1% ROE in the next three years is expected to put shareholders funds to good use. With a 0.94% five-day rise, the share price is gaining some traction, and there has been more inside buying than selling in the last three months.

Canopy Growth (TSX:WEED)(NYSE:CGC)

Up 4.3% in the last five days at the time of writing, Canopy Growth continues to surprise. With an expected 118.9% annual growth in earnings, P/B of 3 times book, and low debt of 10.7% of net worth, Canopy Growth fits the trend of Canadian high-growth stocks with healthy balance sheets. While it is clearly overvalued against its future cash flow value, there is still the potential for this stock to line traders' pockets down the road.

It's good value in terms of assets, however. Compare it with **Tilray** (NASDAQ:TLRY), for instance, with its P/B of 37.9 times book. Up 1.45% in the last five days, this NASDAQ counterpart is similarly clean in the balance sheet department, however, (with low debt of 9.7% of net worth), and is likewise paired with high growth (see a 91.8% expected annual growth in earnings).

The bottom line

High growth can often come with overvaluation: From Enbridge's P/E of 32.5 times earnings to Canacol Energy's P/B of 2.6 times book. However, what most growth stocks seem to have in common is a high expected rise in earnings counterbalance with clean balance sheets. What would-be investors have to weigh up is valuation matched with the risk involved over the holding timeframe; with this in mind, the above stocks are suitable picks for their respective industries.

CATEGORY

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2. Energy Stocks
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TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. NASDAQ:TLRY (Tilray)
3. NYSE:ENB (Enbridge Inc.)
4. TSX:ENB (Enbridge Inc.)
5. TSX:LUN (Lundin Mining Corporation)
6. TSX:WEED (Canopy Growth)

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