TFSA Investors: Snag This Discounted Stock in April

Description

Investors who have cash sitting in their TFSA have good reason to be cautious in late March. The rally to start the year has been impressive, but the threat of economic headwinds should inspire caution in investors with valuations soaring. As we head into April, it's a good time to hunt for growth stocks that offer good long-term value for your TFSA.

Jamieson Wellness (TSX:JWEL) is a Toronto-based supplements and nutrition company. Shares had dropped 10.2% in 2019 as of close on March 27. To start the year, Jamieson was one of the top stocks I'd targeted as an attractive long-term hold. It has had a disappointing start to the year, but it's hard to ignore its potential.

In early March I asked whether investors should buy Jamieson after the release of its fourth-quarter and full-year results for 2018. At the time, Jamieson was well into oversold territory, so I suggested that investors should pull the trigger. Shares were up 8.2% month-over-month as of close on March 27. Still, the muted post-earnings bump for Jamieson stands as another disappointment.

Jamieson stock is not the bargain it was in late February, but the stock still comes at a nice price in the early spring. Shares are trading at the low end of its 52-week range. The stock had an RSI of 44 as of close on March 27, which puts it outside of oversold territory. Its P/E TTM stood at 29 as of this writing, which still puts it a cut above the industry average.

Jamieson burst onto the scene with its initial public offering in 2017, as its management promised big growth on the back of shifting demographics. Supplements are a big hit among aging demographics, and Jamieson aims to win big with this international market. According to a report from Orbis Research, the global wellness supplements market was worth $207.59 billion in 2018. It forecasts that the market will grow to $283.75 billion by 2023, which represents a compound annual growth rate (CAGR) of 6.45%.

In its initial 2019 outlook, Jamieson projected that international segments would be a key driver. It forecast international segment growth from 25% to 35% compared to 3% to 5% growth domestically. In the fourth quarter of 2018, Jamieson reported 26% growth in its international segment, and very strong

16% growth in its domestic segment. For the full year, adjusted EBITDA climbed 10% from 2017 to $67.6 million.

Bottom line

Jamieson has a nice upside, but it needs to string together better results in 2019 in order to meet shareholder expectations. The stock last paid out a quarterly dividend of $0.09 per share, which represents a 1.8% yield. This is a solid boon if Jamieson can post the kind of growth it managed in the first year following its IPO.

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