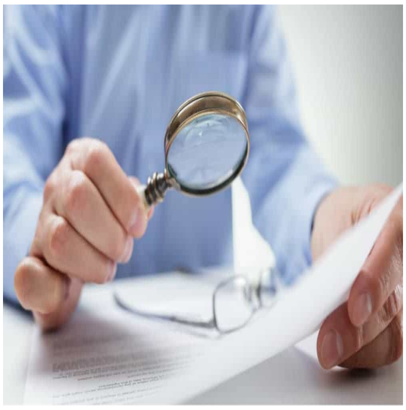

Are These the Safest 4 Stocks for a High-Growth Strategy?

Description

Buy low, sell high is the simplest investment strategy out there. But with some pundits talking seriously about the prospect of an American recession, how safe is a high-stakes capital gains play right now? The following four stocks represent some of the highest growth potential on the TSX, and are taken from four diverse industries that could outride a downturn: energy, healthcare, tech, and cannabis.

Questor Technology (TSX:QST)

A clean air tech stock with decent geographical spread, Questor Technologies saw significant three-year returns of 317.3%. A future three-year ROE of 31.9% looks set to follow on from a 27% past-year return on equity signifies a high-quality stock that can be held for the long-term in the knowledge that Questor Technologies knows how to put shareholders' funds to efficient use.

Up 0.44% in the last five days, and with a past-year earnings growth of 119.1%, this stock has a flawless balance sheet, decent valuation (see a P/E of 18.2 times earnings with a 42% discount off its value per future cash flow), and is looking at a 35.3% expected annual growth in earnings.

Canacol Energy (TSX:CNE)

Specializing in Colombian petroleum and natural gas, Canacol Energy offers a non-North America-centric play in the energy space. With a one-year past earnings growth of 85.3% and projected 120.8% annual growth in earnings over the next one to three years, it's an outperforming stock more than suitable for a capital gains investor.

One thing to be aware of here would be a level of debt to net worth which has gone up over the last half a decade from 68.1% to 175.8%. Meanwhile, value indicators are mixed for Canacol Energy, with a P/B of 2.9 times book signifying overvaluation in terms of assets, though it's discounted by more than 50% against its future cash flow value.

Theratechnologies (TSX:TH)

A leading TSX index pharma stock focused on HIV patients, Theratechnologies is up 2.27% in the last five days. One of the most recession-resistant stocks in the high-growth patch, Theratechnologies nevertheless has some mixed stats. While a projected future ROE of 43% is significant for the TSX, and its one-year past earnings growth of 67.4% is solid, its debt of 140.6% of net worth and high P/B of 11.8 times book are red flags.

The Green Organic Dutchman Holdings (TSX:TGOD)

Looking for a cannabinoid-based research and development stock on the TSX index? The Green Organic Dutchman Holdings has got you covered. Up 1.26% in the last five days and 90 day returns of 86.7%, this outperforming stock has a squeaky clean balance sheet, indicated by debt of just 0.3% of net worth. Trading at an 18% discount and with a P/B ratio of 3.1 times book, value could be better here, but overall it's not bad for a high-growth stock in this space.

The bottom line

Meanwhile, Green Organic Dutchman Holdings' 52.9% expected annual growth in earnings deserves the attention of a high-growth TSX index investor seeking exposure to Canadian cannabis. Theratechnologies' 37.3% expected annual growth in earnings likewise indicates a solid play for capital gains in a downturn-ready sector, while geographical diversification provides the added safety in Canacol Energy and Questor Technology.

CATEGORY

1. Cannabis Stocks
2. Energy Stocks
3. Investing
4. Stocks for Beginners
5. Tech Stocks

TICKERS GLOBAL

1. TSX:CNE (Canacol Energy Ltd)
2. TSX:TH (Theratechnologies Inc.)
3. TSXV:QST (Questor Technology Inc.)

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