Forget Penny Stocks: These 3 Stocks Are Better Buys

Description

Penny stocks can be exhilarating: they can rise by more than 100% in a single trading session.

Unfortunately, penny stocks are often rife with pump-and-dump schemes, shady reverse mergers, and outright scams.

If you're looking for stocks with massive upside potential, penny stocks aren't your only option.

Here are three stocks that could easily double or triple under the right conditions.

Detour Gold Corporation (TSX:DGC)

Detour Gold is about as wild as it gets.

In the past 10 years alone, Detour stock has tripled four times. Investors must be wary, however, as the stock fell precipitously following each spike.

Today, the stock trades at just $12 apiece at writing. In 2016, they surpassed $30 per share.

The wild swings are due to Detour's slim profits. The company typically has all-in costs between US$1,175 and US$1,250 per ounce. With gold trading at $1,280 per ounce, Detour is barely surviving, earning roughly US$50 per ounce in profit.

It doesn't take much to get Detour stock to swing. If gold prices improved just 10% to US$1,400 per ounce, Detour's profits would triple from current levels.

If you think gold prices might rise, Detour stock is a highly leverage way to profit.

Canada Goose Holdings Inc (TSX:GOOS)(NYSE:GOOS)

Canada Goose IPO'd in 2017 at $23 per share. By the end of the year, the stock had nearly doubled.

Since then, shares have nearly doubled again.

The company's rise isn't due to hype, but rather fundamentals. Last year, it grew EPS by more than 100%. Over the next five years, analysts expect Canada Goose to grow earnings by more than 28% per year.

Growth should come from international expansion. More than 50 out of every 1,000 Canadians already own a Canada Goose jacket. In U.S. and China, by comparison, penetration is 90% lower.

If Canada Goose can replicate its domestic success abroad, the stock will likely double or triple again.

SNC-Lavalin Group Inc (TSX:SNC)

SNC-Lavalin is a special situation.

In June, shares were trading at $60. Today, they're down to just $30, the lowest they've been since the 2009 global financial crisis.

While the company did deserve the plummet due to some operational issues—it booked a $346 million loss on a single project last year—the stock has been punished recently because of political issues.

The *Sun* reports that Justin Trudeau potentially led a "government-wide campaign—involving his highest-ranking officials and advisors—to politically interfere in SNC-Lavalin's criminal prosecution on corruption charges."

It's tough to tell how much political blowback the company will receive. For now, it appears that Justin Trudeau is facing the biggest backlash. Today, the market remains in wait-and-see mode.

The underlying business remains strong, however.

In April, the company secured $400 million in new revenue thanks to a new deal one of its joint ventures secured to decommission nuclear reactors in New York. It also has several billion dollars' worth of backlog spanning several other projects.

Once the market decides that SNC-Lavalin is in the clear, expect its multiple to rise sharply, along with its share price.

CATEGORY

1. Investing
2. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:GOOS (Canada Goose)
2. TSX:ATRL (SNC-Lavalin Group)
3. TSX:GOOS (Canada Goose)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Investing
2. Metals and Mining Stocks

Date
2025/08/26
Date Created
2019/05/06
Author
rvanzo