



Upside Hunters: These 2 Stocks Are Hitting 52-Week Highs

Description

Buy high, sell higher — it's a risky play, but it works now and then for some short-term traders with sharp eyes, gut instinct, and quick reflexes. Then again, some stocks are worth buying at almost any price. The two Canadian stocks detailed below are hitting 52-week highs and may yet have some room for upside. Let's go through the data for these two popular TSX index tickers drawn from the tech and renewable energy industries.

Constellation Software ([TSX:CSU](#))

A moderate buy with a small dividend yield of 0.45%, [Constellation Software](#) is still climbing, having hit its year-long high of \$1,225. Is there still upside to be squeezed from Constellation Software, though? Looking at its share price data, \$1,200 seems to be the new baseline, with the potential for more sudden peaks ahead.

It might be a risky play, though. While Constellation Software returned 19.8% in the past year, outperforming the Canadian software industry, which itself grew by 7% over the past year, this stock is already clearly overvalued going by its market ratios. From a trailing 12-month P/E of 49.4 times earnings to a bloated PEG of almost 20 times growth and unwieldy P/B of 37.5 times book, this is not a cheap stock.

Still, with a 17.4% growth in earnings expected by the end of the fiscal year, and with analysts expecting a strong current quarter, there should be enough optimism in the data to satisfy a momentum investor. Past performance also looks good, with a one-year past earnings growth of 44.9% and five-year average of 25.2% combining with an impressive past-year ROE of 76% to add up to a high-performance investment that shows all the signs of stable future growth.

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#))

A major renewable and clean energy producer, Algonquin Power & Utilities returned 22.7% over the last year, easily beating the [Canadian renewable sector](#) average of 7.3%. As such, this stock is a front-

runner for a defensive dividend-growth portfolio as well as a potential short-term money spinner.

Up 0.57% in the last five days, this TSX index favourite has the ability to add growth, passive income, and defensiveness to a stock portfolio, with a strong track record and so-so balance sheet. While value could be a little better (see a P/E of 27 and P/B of 1.9 times book), its market fundamentals are nowhere near as bloated as those of Constellation Software.

Going back to that track record, Algonquin Power & Utilities pulled in an impressive 600% earnings growth in the past 12 months. However, while its five-year average earnings-growth rate is still solid at 20.3%, its 17.5% expected annual growth in earnings hints at a decline. This is a solid stock in a growth area, though, and a dividend yield of 4.81% is sizable enough to make for a smart addition to a power portfolio.

The bottom line

Buying at a high price seems the antithesis of common sense when it comes to investing; however, when the chance for some quick upside beckons, the case can be made for splashing out on a rocketing stock with a sharply upward trending share price. Algonquin Power & Utilities also satisfies the criteria for a passive-income pick, with a positive outlook in terms of earnings, some strong growth statistics, and an attractive yield.

CATEGORY

1. Dividend Stocks
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1. NYSE:AQN (Algonquin Power & Utilities Corp.)
2. TSX:AQN (Algonquin Power & Utilities Corp.)
3. TSX:CSU (Constellation Software Inc.)

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vhetherington

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