3 High-Growth Stocks to Own in 2020

Description

The 2010s are winding to a close. As we look back on a fruitful decade for investors, it is a great time to consider what equities are positioned to thrive in the 2020s. Today, I want to look at three stocks that are poised to hit new highs on the back of solid macro trends and superior management. Let's dive in.

TMX Group

TMX Group (TSX:X) stock has climbed 63% in 2019 as of close on August 22. Shares have surged 21% over the past month. The past decade has seen an increase in financialization, giving companies like TMX Group a big boost. Shares have boasted an average annual return of 14% over the last 10 years.

The company released its second-quarter 2019 results on August 7. It achieved record quarterly adjusted earnings per share of $1.45 compared to $1.34 in the previous year. TMX also posted record quarterly revenue of $210.3 million, which was only up marginally from an impressive Q2 2018. Revenue rose in nearly all business segments other than equities trading, which saw a decrease due to market conditions.

TMX Group stock has a price-to-earnings ratio of 23 and a favourable price-to-book ratio of 1.8. Shares had an RSI of 72 as of close on August 22, as TMX has been in technically overbought territory for the entire month of August. Value investors may want to wait for a more attractive entry point, but TMX Group is a stock worth holding for the long term.

Badger Daylighting

Badger Daylighting (TSX:BAD) has climbed 38% in 2019 so far, but the stock has dropped 8.8% over the past month. Shares took a tumble after it released weaker-than-expected second-quarter 2019 results on August 6. Revenue rose 9% year over year to $161.2 million, and adjusted EBITDA increased 2% to $39.2 million. However, both missed analyst expectations.

Back in May, I'd discussed why Badger was attractive for the capital growth it offered and its monthly dividend. It last paid out a monthly dividend of $0.0475, which represents a modest 1.3% yield. In the first six months of 2019, cash flow from operating activities per share has increased to $1.38 compared to $1.22 in the prior year.

The company reaffirmed its outlook for the full-year fiscal 2019, which is encouraging as we look ahead. Still, the stock has a P/E ratio of 24 and a P/B of 4.6, putting it in a pricey range. Shares dipped into technically oversold territory after earnings but have since recovered to neutral levels with an RSI of 47.

goeasy

Shares of **goeasy** (TSX:GSY) have climbed 53% in 2019 as of close on August 22. I have been high on goeasy for a while now, as it is in a great position to thrive while consumers fight with high debt loads. Its business model offers alternative financial products that are becoming more attractive, especially to younger demographics.

The company released its second-quarter 2019 results on August 7. It was another fantastic quarter for goeasy as revenue rose 20% year over year to $123 million on the back of 40% growth in its loan portfolio. Total loan originations climbed 18% from the prior year to $276 million, as goeasy achieved a record level of new customers. goeasy has set targets for its gross loan receivable portfolio between $1.5 billion and $1.7 billion by the end of fiscal 2021. It also projects double-digit percentage revenue growth over the next three fiscal years.

goeasy stock still has a favourable P/E ratio of 5.1 and a P/E of 2.4 at the time of this writing. It also offers a quarterly dividend of $0.31 per share, representing a 2.3% yield.

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