



3 High-Growth Stocks That Can Boost Your TFSA to New Heights

Description

Over the past decade, growth stocks have been the best-performing stock type. Outperforming income and value stocks, growth stocks have rewarded shareholders with significant returns.

What is a growth stock? The generally accepted definition is a company that is expected to grow earnings by at least 10% annually. You'd be surprised how difficult it is to achieve this type of performance over several years.

While it is easy to find stocks that are expected to grow by 10% in one year or another, finding stocks that achieve this rate year over year is not that easy. Fret not: I have you covered. Here are three stocks with average annual growth rates in the double digits over the next few years.

Theratechnologies

This niche biotech company specializes in improving the quality of life among HIV patients.

Theratechnologies ([TSX:TH](#)) has had a rough year thus far. Down 40% in 2019, the company has struggled, as delays to its European launch of Trogarzo have led to missed earnings.

It isn't all bad news, however, as the company remains confident that the European Medicines Association (EMA) will give Trogarzo the green light. Once it does, it will add significantly to revenue and earnings growth. Earlier this month, the company also applied to list its common shares on NASDAQ. This will improve the company's profile and lead to more interest from investors and analysts.

It is expected to [be a transformative few years](#) for the company. Earnings are expected to grow at a triple-digit pace through 2021 and revenue is expected to rise by an average of 61.2% annually.

Westport Fuel Systems

As an auto parts company, **Westport Fuel Systems** ([TSX:WPRT](#))([NASDAQ:WPRT](#)) is the lone

company [bucking the industry downtrend](#). Westport is a global company that manufactures and distributes fuel system components.

It is well known that the auto parts industry has been vulnerable to the ongoing trade uncertainty. It is what has led to record-low valuations in recent months. The best way to play the industry is to invest in companies that are still expected to grow, despite the ongoing macro events.

Analysts expect Westport Fuel Systems to grow revenue by an average of 15% and earnings by 30% over the next five years. These are by far the best expected growth rates among all auto part companies on the TSX Index. Analysts have a one-year average price target of \$5.50 per share, which implies 60% upside from today's price.

Dirtt Environmental Solutions

Dirtt Environmental Solutions ([TSX:DRT](#)) is a little-known engineering and construction firm that specializes in customized prefabricated interiors. In May, the company's stock price was up by almost 35% before suffering from a prolonged and steady downtrend. The company is now only up by 10% on the year.

So, why the recent downtrend? The company has struggled to meet estimates, missing earnings the past two quarters. There were some issues with tile "warping," which was caused by regulatory-driven changes to the MDF substrate it uses. This has increased costs and negatively impacted earnings.

The good news is that revenue growth has remained strong, and it announced a permanent solution to the "warping" issue. Analysts expect triple-digit earnings growth over the next few years and revenue to grow by approximately 10% annually. Analysts are unanimous in their coverage of the company with a "buy" rating and a one-year price target of \$9.64 per share. This implies 46% upside. Even the lowest estimate on the street at \$7.75 per share would result in a gain of 17%.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:WPRT (Westport Fuel Systems Inc.)
2. TSX:DRT (DIRTT Environmental Solutions Ltd.)
3. TSX:TH (Theratechnologies Inc.)

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Author

mlitalien

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