3 High-Growth Stocks Set to Explode in 2020

Description

It's not difficult to find yesterday's high-growth stocks. The problem arises when trying to find *tomorrow's* high-growth stocks. Even worse, high-growth expectations are already baked into the price, meaning your upside will be limited.

The trick is to find tomorrow's high-growth stocks *before* everyone else. That way, your upside is maximized. When done right, this strategy can double or triple the value of your investment in less than 12 months. So, which stocks are being ignored by the market, despite rapid growth potential in 2020? Let's find out.

Cannabis downturn

Pot stocks are in their longest-ever losing streak. Over the last 12 months, most cannabis ETFs are down roughly 50%. As with any bear market, the smallest competitors have gotten it the worst. **Green Organic Dutchman Holdings** (TSX:TGOD), for example, is down nearly 70%. The company's market share has been reduced to just $630 million. While this stock carries its fair share of risk, there's no denying that 2020 could be an explosive year for the company.

In early September, **Aurora Cannabis** terminated its sourcing agreement with Green Organic, while liquidating the rest of its equity stake. Aurora had originally agreed to purchase 20% of Green Organic's cannabis output. Without a cornerstone customer and investor, TGOD shares have been left for dead.

However, the end isn't nigh. Over the next couple months, Green Organic should reach first production at multiple facilities. And because the agreement with Aurora was at wholesale prices, Green Organic could potentially increase its profitability long term by replacing it as a customer. According to management, the deal termination "significantly improves TGOD's revenue and gross margin mix." If Green Organic can secure new contracts for its upcoming pot supply, there could be 100% upside or more.

Beat expectations

Canada Goose Holdings (TSX:GOOS)(NYSE:GOOS) is another former growth stock in the penalty box. After its IPO in 2016, the stock went on a 400% rise in less than 24 months. This year, shares have slid by 30% due to fears of slowing growth. After years of trading at 50-100 times earnings, the stock is now valued at just 34 times forward earnings.

Importantly, the company remains profitable, with revenues continuing to grow year after year. Management and analysts alike anticipate the company maintaining a long-term EPS growth rate between 20% and 30%. If this becomes reality, the current valuation is a steal. In five years, Canada Goose could realistically be earning $5 per share. At a discounted 25 times earnings valuation, that implies a share price of $125, representing 300% in upside.

Trust the strategy

Boyd Group Income Fund (TSX:BYD.UN) is a simple pitch: the company will continue executing the same strategy that's made countless shareholders filthy rich. Since 2006, shares have increased in value by 14,000%. A $10,000 investment would now be worth $1.4 million.

What's the company's strategy? It's simply to roll-up the fragmented collision repair centre industry. After years of rapid growth, Boyd now controls 4% of the entire industry. Still, Boyd's market cap is just $3.5 billion, while the industry at large is worth roughly $50 billion. That should provide plenty of additional growth, especially considering 80% of the industry consists of small business owners in local communities. Boyd stock has *never* had a losing year in its entire operating industry. I expect 2020 to be another banner year.

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