3 High Growth Stocks for 2020

Description

Next year, a recession may be on the way, but that doesn't mean every stock is primed to underperform. In fact, there are several stocks that should post impressive growth regardless of where the global economy heads.

These growth stocks are targeting opportunities that should last decades, allowing each company to double or triple in size *several times over* before running out of steam.

Whether we end up in a bull market or a bear market, companies that consistently compound shareholder capital over the long-term will be winning investments. If you want to fill your portfolio with rapidly growing businesses, you should strongly consider the following three picks.

Worldwide domination

Shopify Inc. (TSX:SHOP)(NYSE:SHOP) is my favourite business model in recent memory. It's a perfect example of a platform technology. When a company can create a true platform, the sky's the limit.

What exactly is a platform technology? As the name suggests, it's a technology that allows other things to be built on top of it.

While this strategy is simple, it's surprisingly powerful. Consider **Microsoft Corporation** and their Windows operating system. Nearly 35 years after its introduction, Windows still has an 88% global market share.

Why?

Because it's a platform technology. Everything you use on a Windows computer *requires* Windows to operate. Without Windows, everything goes away.

The same goes for Shopify. The company has integrated everything into its user experience, from payment processing and inventory tracking to marketing and design. If a user wants to switch to a competitor, they'll lose every part of their business.

It's simply not worth it. Over the last three years, sales have compounded by 66% per year. In 2020, revenue is expected to jump 45%. Even if we enter a deep recession next year, expect Shopify to post rising sales due to its entrenched platform status.

Proven winner

Boyd Group Income Fund (TSX:BYD.UN) runs a simple strategy that's resulted in *huge* returns for shareholders. Since 2006, shares have exploded higher by 13,000% compared to an **S&P/TSX Composite Index** return of merely 40%. The good news is that Boyd's lucrative strategy should continue its success in 2020 and beyond.

Boyd is essentially rolling up the collision repair industry in North America. When the company was founded, the vast majority of collision repair locations were independently owned and operated. They were classic mom-and-pop shops.

With few exit opportunities, Boyd is able to purchase these independent locations at a discount, refurbish them quickly, strip out unnecessary costs, and generate free cash flow in under 12 months.

Even after years of growth, Boyd still only controls a small percentage of the industry. There's no reason to believe that the company can't continue to execute for another decade. Note that the stock hasn't had a losing year since 2005. You can expect that streak to continue in 2020.

Be contrarian

Canada Goose Holdings Inc (TSX:GOOS)(NYSE:GOOS) used to be a stock market darling. Over the last three years, revenue has compounded at more than 50% annually.

In 2020, growth is expected to slow to 30%. Falling expectations have pushed the stock's valuation to historically low levels, which opens up a big opportunity for contrarian investors.

Note that 30% annual revenue growth is still high-growth territory, especially given that EPS is expected to pop by 36%. The retail industry has struggled because of tepid economic indicators, but Canada Goose is proving that it can expand regardless of what happens to the economy overall.

It has a legion of loyal repeat buyers, and its high-end niche targets spenders that are more insulated from downturns. Expect volatility if a true bear market hits, but sales should still grow in 2020 even during a harsh recession.

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:GOOS (Canada Goose)
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