ALERT: 3 Stocks That Could Double in 2020!

Description

Everyone wants to find stocks that can double in price, but few companies are capable of doing so. Often, you need the company to be cheaply priced *and* have high-growth prospects. You *always* need the stock to be grossly underestimated by the market. That means betting against the crowd, something that isn't always comfortable.

But if you want 100% gains in 2020, it'll take some extra research and prudent risk taking. You'll have to place your bets wisely and understand what you're betting on. Fortunately, there are three TSX stocks that have a real chance at doubling next year. All three appear to be severely underpriced compared to their long-term potential. In 2020, each of the following picks have a clear opportunity to double in value.

Magnify your bet

The entire oil and gas industry has been under fire, making **Encana** (TSX:ECA)(NYSE:ECA) enticingly cheap. Over the past 12 months, shares have fallen by roughly 60%. This year, the company is expected to earn $0.87 per share, implying a valuation of just 6.4 times earnings.

Management has noticed its rock-bottom valuation. In response, it unveiled a $1.25 billion share-repurchase program. According to reserve values, the stock could be worth double the current trading price. If true, management is essentially buying back stock for an immediate return of 100%. That's hard to beat. By buying Encana stock, you'll not only own dirt-cheap shares but also a company that's investing shareholder capital at ridiculous returns.

Go with the flow

Constellation Software (TSX:CSU) has been a winning bet for more than a decade. Since 2006, shares have shot higher by 4,200%. Over the same period, the **S&P/TSX Composite Index** rose by just 30%. Doubling in price again and again is simply what Constellation stock does. That's becauseit's figured out a lucrative business model that can be repeated for decades to come.

Constellation owns a portfolio of software that allows companies to automate mission-critical processes. In many cases, its software is so niche that the customer has no other options to turn to. That's created high profit margins and unforeseen levels of customer retention.

A big part of the company's growth has been acquisitions. Management purchases niche software firms and rolls the new services into its umbrella of offerings. Afterwards, it can cut costs and enforce valuable pricing power. It's as simple as that. Next year should be more of the same, and with the market continually under-rating shares, yet another double is possible in 2020.

Worldwide domination

Shopify (TSX:SHOP)(NYSE:SHOP) is taking over the world. You likely have purchased something through the company without realizing it. That's because more than 500,000 digital storefronts use Shopify as their back-end. In total, these stores have grossed $40 billion in sales. With revenue growth consistently surpassing 40% per year, Shopify should continue to grow like a weed, despite its $50 billion valuation.

This stock has already proven capable of doubling. In 2016, shares shot higher by 119%. In 2019, the stock doubled again, even after shares slid 20% in recent weeks. The global e-commerce revolution is still in its early stages, meaning Shopify should have years of growth ahead of it. There are several scenarios in which Shopify could become a $250 billion company. The path higher should continue in 2020.

CATEGORY

1. Energy Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:SHOP (Shopify Inc.)

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