



Fellow Investors: Let's Find the Stocks That Will Beat the TSX 60 Index

Description

It seems that much of the focus in the investing world is consistently on the **S&P/TSX 60 Index** and its constituents, as [there's comfort investing in a large, well-known stock](#).

Conversely, much of the growth comes from the lesser known up-and-comers, and while it can be scary to invest in a lesser known stock without a proven history behind it, we must be cognizant of the fact that these are often the stocks with the highest returns. We must therefore venture out of our comfort zone and consider them in order to maximize our capital gains.

In this article, I'll review some of the best-performing stocks in the last three years. An article in the *Financial Post* recently highlighted the fact that more than half of the best performers are not in the *TSX Index*, leaving us with a reminder of the type of gems we can find when we broaden our search.

Shopify Inc.

At the top of the list of top performers is **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)). While Shopify stock is in the TSX 60 Index, it's worth a mention because it only joined the index earlier this year.

With a three-year return of 643%, Shopify the stock and Shopify the company has truly been a game changer. The stock continues to soar to new highs, beyond levels imaginable by most and despite continued losses. But the point here is that Shopify is a game changer.

This company has given small businesses a marketing, distribution, and selling platform that has transformed the world of small businesses, allowing them to access markets they could not hitherto dream of.

With Shopify's multichannel operating system, small businesses have been reaping the rewards. As for Shopify, the company is also clearly reaping the rewards as it continues to capture more of the e-commerce market.

With a market capitalization of \$9.2 billion, Shopify stock is in the TSX 60 Index today, but as we move

down the list, we encounter many that are not. Let's take a look at those.

Ballard Power Systems Inc.

Ballard Power Systems Inc. ([TSX:BLDP](#))([NASDAQ:BLDP](#)) has enjoyed a good three years, as its stock has soared 129% and as the fuel cell industry continues to garner more and more attention and respect. Although it [hasn't come around to positive earnings yet, the growth potential is huge](#).

According to Ballard's CEO Randy MacEwen, the company is "...seeing early signs of internal combustion engine disruption in heavy and medium duty motive applications, including in bus, commercial truck, rail, and marine.

Ballard continues to make progress in supplying buses around the world with fuel cell modules, from Europe to China to Vancouver to California. The demand is there, and the performance of these buses support the demand.

Labrador Iron Ore Royalty Corp.

Although not well known, iron ore royalty giant **Labrador Iron Ore Royalty Corp.** ([TSX:LIF](#)) has provided investors with a three-year stock price return of 98.4%. This return is significantly enhanced when we consider the significant amounts in regular and special dividends paid out during this period.

Today, this \$1.5 billion royalty company provides investors with a 4.36% dividend yield, a high quality royalty income stream that is backed by quality assets and operating history.

Foolish bottom line

For investors seeking a well-diversified portfolio, it should include lesser-known stocks that are not in the TSX 60 Index for two main reasons. First, these stocks often provide higher growth than the more established, larger stocks.

Second, these stocks are not widely held, which means that they can benefit from incremental buying demand if things work out, sending the stock prices soaring.

In conclusion, widening out our nets in order to include stocks that are not in the TSX 60 and taking a chance on some of the lesser-known stocks is well worth your while.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NASDAQ:BLDP (Ballard Power Systems Inc.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:BLDP (Ballard Power Systems Inc.)

4. TSX:LIF (Labrador Iron Ore Royalty Corporation)
5. TSX:SHOP (Shopify Inc.)

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