



These 3 TSX Stocks Prove Why Canada Is Still a Great Country to Bet On

Description

Canada's stock market hasn't experienced the same success as the U.S. in recent history. Since 2006, the **S&P/TSX Composite Index** has risen by roughly 40%. The **S&P 500 Index**, for comparison, is up nearly 125%. This outperformance has continued into 2019. Year to date, the TSX has risen 17% while the S&P 500 has popped by 25%.

But don't abandon Canada just yet. Often, stock market indexes hide the [real truth](#). When looking at the S&P 500, much of the outperformance came from just a handful of tech stocks, like **Facebook** and **Netflix**. Therefore, lacklustre performances by hundreds of companies have been ignored due to the exponential success of a few stocks.

The opposite has been true in Canada. The TSX is heavily dominated by resource companies that mine for precious metals or drill for oil and gas. When resource prices crashed during the 2008 financial crisis, and then again during the 2014 oil rout, entire industries lost the majority of their value. These industry-specific troubles have masked major success in other areas of the economy.

The following stocks, for example, have doubled or tripled in price over recent years, but due to their small size, they haven't been able to meaningfully contribute to the giant TSX index. Shareholders of these companies, however, likely aren't worried. As long as these stocks keep going up in price, it doesn't matter what the TSX overall does.

Stocks like these prove that Canada is still a country capable of explosive growth, even if the headlines don't always capture the success. If you want to supercharge your portfolio with Canadian companies, this list is a great place to start.

Mastering the craft

Dollarama ([TSX:DOL](#)) has mastered discount retailing. If you live in Canada, you likely know the company well considering it has 98% domestic brand name recognition. It has more than 1,000 stores throughout Canada, servicing nearly every major metropolitan area, not to mention hundreds of smaller markets. Its online store now has more than 1,000 products and helps supply Canada's small business

economy.

Over the last decade, Dollarama stock has risen by more than 1,000%. This success has come largely from its direct-sourcing model. Today, more than half of its products are purchased directly from manufacturers across 30 countries. That gives Dollarama a permanent pricing advantage and differentiated selection. Management is now targeting international growth, applying its tried-and-true formula in other lucrative markets.

Quintessentially Canadian

Canada Goose Holdings ([TSX:GOOS](#))([NYSE:GOOS](#)) is about as Canadian as it gets. Today, around 5% of all Canadians own a Canada Goose jacket. Few brands anywhere in the world have that level of customer loyalty.

As with Dollarama, Canada Goose is now looking to repeat its domestic success in other markets. In China, the largest luxury market in the world, fewer than 0.1% of the population owns one of the company's products. Other high-end markets like South Korea and Europe also have massive growth opportunities.

International sales are already growing at 50% per year. If you believe in the Canada Goose brand, this stock likely has a huge runway for worldwide growth.

Serving the country

Cargojet ([TSX:CJT](#)) is the largest overnight shipper in Canada. Its grip on the market is so tight that **Amazon.com** recently bought equity in the company.

It's not surprising that Amazon wanted skin in the game. The rise of online shopping will continue to fuel demand for rapid deliveries for decades to come. In recent years, Amazon Prime has conditioned American customers to expect two-day shipping on all orders. In 2020, Amazon is looking to make one-day shipping the norm.

If Canada is to match this feat, it will be because of Cargojet. No other company has the required scale or expertise to pull it off. This stock is getting expensive, but it represents some of the best Canada has to offer.

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2. TSX:CJT (Cargojet Inc.)

3. TSX:DOL (Dollarama Inc.)
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