



Investors: This Little-Known Stock's Returns Will Make Your Jaw Drop

Description

Many investors spend their entire careers in the large-cap world, subscribing to the axiom that a stock is best only if it has some serious size behind it.

There's nothing necessarily wrong with this strategy. It's very possible to make solid returns by sticking to large companies. In fact, these large companies have a funny habit of continuing to get larger no matter how big they might be today.

But I also wouldn't take such an approach to my own portfolio. I believe investors need to be constantly scouring the TSX for smaller companies that have [huge upside potential](#). Just one or two of these investments could be enough to really change your portfolio's fortunes.

Don't believe me? Check out this example of a stock that has delivered a fantastic return over the last decade.

What an investment

Back in 2009, **goeasy** ([TSX:GSY](#)) was a furniture retailer that specialized in financing these purchases. It's where you'd go if you needed a new couch, kitchen table, or laptop but lacked the savings to pay for it.

Growth really exploded when the company leveraged this knowledge into a new business venture: unsecured credit for subprime borrowers. By knowing the sector, management was able to determine the opportunity created by the collapse of payday lending in Canada — a short-term loan most provinces essentially legislated out of existence. It bought the assets of a bankrupt payday lender and started offering unsecured loans at an interest rate of more than 40% annually.

No, that's not a typo. goeasy's signature loan really charges that much. Yet customers can't get enough of it, which has led to impressive growth since it's been introduced.

In its most recent quarter, goeasy passed an important milestone of having more than \$1 billion lent

out to customers. The total loan portfolio was under \$200 million as recently as 2014. That's an average growth rate of close to 50% annually. During that same period, the company's earnings increased from \$1.34 per share to \$4.74 per share.

You might think the company's impressive growth is about over, but it's still a relatively small organization. Shares have a market cap of just over \$900 million. It plans further expansion into avenues like loans secured against real estate and financing purchases for retailers who reject borrowers through conventional channels. These initiatives, plus further growth in its signature product, should allow the company to increase the bottom line by an additional 20-30% annually over the next few years.

And that doesn't even include goeasy's biggest opportunity, which is expansion into the United States.

Thanks to all this growth, goeasy has been one of the [best investments](#) you could have possibly made over the last decade. Including reinvested dividends, shares are up 879.65% since November 2009. That translates into an annual return of 25.63% per year. It's enough to turn a \$10,000 investment into one worth \$99,995.

The bottom line

With shares trading at less than 10 times 2020's projected earnings, it's easy to argue goeasy shares still have plenty of upside potential. If earnings continue to grow by 20-30% annually and the stock's valuation starts to resemble other growth stocks, the next decade could easily be as good as the previous one.

goeasy is the kind of stock that can really make a difference in your portfolio. There's no guarantee it can maintain this kind of growth, but if it does, you'll be cursing yourself for not owning it a decade from now.

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