3 Breakout Stocks for a High-Performance Portfolio

Description

It's been a rather interesting week on the North American stock markets, with several sectors behaving quite unexpectedly. From a pot stock bounce to an energy dip, **TSX** tickers have been exhibiting what the stock market is famous for: unpredictability.

With a domestic rail strike, a neighbouring impeachment hearing, a never-ending trade war and European disunion, there's an unusually high amount of uncertainty in the markets. Let's take a look at three stocks that rose to the occasion.

Three plays for steep capital gains

BRP (TSX:DOO)(NASDAQ:DOOO) has seen some extreme price momentum in the last three months, and in the past year. Overall, the stock is up around 47% in the last 12 months, trading at about 92% higher than its yearlong low.

Talk about riding a wave: the maker of the famous Ski-Doo and other high-end all-terrain vehicles has been a hit with investors in the last quarter, generating an outstanding over 57% appreciation in that period.

Kinaxis is up a few points this week. Up 60% in the last 12 months and trading 72% above its 52-week low, the tech ticker is showing strong positive momentum.

The stock has climbed by over 32% in the past three months and looks set to carry on climbing. For Canadian tech investors looking for steep capital gains, the sales and logistics company with strong global diversification is a solid place to start out.

A potentially overlooked industrial ticker tore away from the starting gate this week: **Xebec Absorption** was gathering steep positive momentum, enticing capital gains investors with the potential for appreciation in the 40% range. Up 181% in the past 12 months, Xebec is one hot stock.

Given that Xebec is active in the renewable space, its stock would be a higher-risk play on the green economy, especially for investors with broad financial horizons and enough time on their hands to be able to manage its potentially volatile share prices.

A speculative sector plagued with bankruptcy

Biotech is looking like too heavy a risk for the moderate momentum investor. A whopping 11 biopharma outfits have gone bankrupt year to date, a record for the decade.

It's a worrying statistic in itself, as biopharmaceutical companies are able to tap into funding in a way few other sectors are. The implication is that the funding is drying up, which is bad news for the economy.

Burn rate is another factor, however, which may mitigate the broader fear of a downturn: Biotech companies eat cash for breakfast. They're high-risk, high-reward outfits requiring heavy initial outlay but with potential enormous payoffs.

The takeaway here is that pre-clinical biotech IPOs that subsequently have to fend for themselves for funding are a no-no in the current economic climate.

The bottom line

As part of a mixed spread of energy assets with risk reduced through diversification, Xebec's equipment operations make for a different play from the usual green energy production companies.

As a small-cap stock that would fit a speculative investment style, Xebec would suit a higher-risk investor looking for steep capital gains, as would BRP and Kinaxis.

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