2 TSX Stocks With a Tailwind Blow!

Description

It can pay dividends to buy and hold stocks with massive tailwinds behind them. By tailwinds, I don't speak of favourable exogenous conditions that could give firms a boost over the near-term; rather, I'm talking about long-lived secular tailwinds that could send stocks soaring higher over a time span measured in years, not months.

Without further ado, here are two Canadians stocks with remarkable tailwinds to their back:

Canada Goose

Canada Goose (TSX:GOOS)(NYSE:GOOS) had an outstanding run in the two years following its IPO. The stock has since fallen flat and is now down 47% from its high thanks in part to the global economic slowdown and the negative impact from protests in Hong Kong.

Many analysts have gradually lowered their price targets over this past year after shares have already fallen substantially. I believe the recent pullback in the stock is overblown and recent analyst downgrades are discounting the favourable long-term tailwinds to be had in China, where the appetite for foreign brands will continue to grow alongside its middle class.

A global recession and a further escalation in the U.S.-China trade war could delay the Goose's next big run-up, but once the market flops, I foresee the Goose as having the highest room to fly once the economy gets back into high gear.

Canada Goose stock trades at 25.3 times EV/EBITDA, a low price to pay given the magnitude of growth that the company is capable of.

Jamieson Wellness

Jamieson Wellness (TSX:JWEL), the vitamin, minerals and supplements (VMS) maker, is also poised to make a big splash in the Chinese market, where Jamieson is a top foreign brand.

The VMS top dog is also poised to enjoy the tailwind provided by the ageing baby boomers and health-conscious millennial cohorts, both of which are expected to exhibit healthy demand for VMS products over the next decade and beyond.

The Jamieson brand has been built on trust for nearly a century, giving the company a competitive edge over its lesser-known peers in the space and effectively rendering it immune from private-label headwinds that currently face other consumer-packaged good brands.

With a strong emphasis on quality and a new slate of products that are being released, it'll be tough to keep Jamieson stock down over the long-term.

The stock trades at 20.8 times EV/EBITDA, which is a tad expensive, but given that the brand is less vulnerable to the substitution effect, I see the stock as being an incredible value for growth investors who seek to capitalize off long-lived tailwinds.

CATEGORY

1. Investing

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Author
joefrenette