2 TSX Stocks That Crushed the Market in 2019 (and They're Not Done Yet!)

Description

Some Canadians complain about the lack of growth options that are available on the TSX Index.

Sure, the TSX is chock-full of energy and material names, most of which have been a major drag on the index, but for stock pickers, there are terrific high-growth names that have mostly been ignored by international investors due to the stigma that's been unfairly attached to the TSX.

If you're an index fund investor, the TSX Index will deliver meagre returns. But if you're a do-it-yourself stock picker who knows where to look, you could bag a potential multi-bagger by checking out the individual stocks that few others care to.

Consider the following two market-crushing Canadian growth stocks that could have another year of outperformance in store for 2020.

Boyd Group Income Fund

Boyd Group Income Fund (TSX:BYD.UN) has been red hot this year, with shares now up a whopping 81% year to date. The North American king of auto repair shops continues to execute its highly replicable, synergy-creating, growth-by-acquisition model.

The North American collision repair shop industry remains highly fragmented, leaving tonnes of M&A opportunities at any given instance. With a management team that knows how to drive operational efficiencies like it's nobody else's business, it's not a mystery as to why the stock continues to move higher while exhibiting minimal levels of volatility.

The company recently clocked in third-quarter earnings results that saw sales soar nearly 24% year over year to $567 million. That's incredible top-line growth for a firm that's in such a predictable low-tech industry. To make the quarter even more remarkable, the firm suffered through unfavourable exogenous conditions, including the devastating impact of Hurricane Dorian and the recently ratified **General Motors** strike.

Now that the hurricane and GM strike are in the rear-view mirror, Boyd could be ready to spread its wings fully next year.

Constellation Software

Constellation Software (TSX:CSU) is another white-hot Canadian stock that's been riding high this year, with shares now up 67% year to date.

For the third quarter, the diversified software developer posted 15% in year-over-year revenue growth to US$870 million.

Like Boyd, Constellation has the urge to merge and has a management team that knows how to produce long-term value for shareholders through such acquisitive activities. Constellation is a behemoth with a $30 billion market cap, so the fact that it can continue posting double-digit top- and bottom-line growth numbers is remarkable.

The company still has the secret formula, and with MDS Global (data analytics play and virtual network operator solutions provider) and Salvia Developpement SAS (French software solutions provider) acquired in 2019, it doesn't appear that Constellation is poised to slow down anytime soon.

There's no question that Constellation has enjoyed many years of low-volatility momentum, and many analysts are skeptical over the stock's now rich multiple. The stock trades at 24 times EV/EBITDA and 53 times trailing earnings, which is pretty darn expensive, making Constellation priced for perfection.

I think Constellation is worthy of its rich multiple, and we'll likely never see the name trade at a level one would consider "cheap." So, as long as Constellation continues delivering, I'd say it can't hurt to get skin in the game today.

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