



## 3 Canadian Stocks Ready to Rise in 2020

### Description

Despite the doubters, Canada is still a [great country](#) to bet on. The **S&P/TSX Composite Index** has lagged global benchmarks, because it's been weighed down by resource companies, which have been in a bear market since 2014. When you strip out oil and gas stocks, the TSX has actually done quite well.

In 2020, some high-quality TSX stocks are prepared to make another run. These companies are often overlooked by analysts and large institutions, but everyday investors can capitalize on today's mispricings. If you want to succeed in 2020 with high-upside Canadian stocks, this list is for you.

### The expectations game

**Canada Goose Holdings** ([TSX:GOOS](#))([NYSE:GOOS](#)) is still growing like a weed but not as fast as it did in the past.

For years following its IPO, the company was increasing sales and profits by more than 40% per year. In 2019, management revised its long-term growth guidance to between 20% and 30% annually. The reset in expectations caused the stock to drop by half from its highs.

High expectations forced shares to become overpriced. Today, low expectations are creating the opposite effect.

At 28 times forward earnings, this stock is too cheap to ignore, especially considering international sales are still growing at more than 50% per year. As the investment narrative shifts to international potential, expect the stock to rebound in 2020.

### Cannabis is turning

**HEXO** ([TSX:HEXO](#))([NYSE:HEXO](#)) stock was crushed during the 2019 marijuana bear market. Last April, it was a multi-billion-dollar company. Today, it's valued at just \$430 million. This looks like a

fantastic opportunity for long-term investors.

Instead of attacking the cannabis space itself, HEXO has focused on finding partners with existing brands that consumers already know and love. For example, it has a deal with **Molson Coors Canada** to co-create cannabis beverages. Their first product should hit Canadian shelves this month.

The company hopes to replicate these partnerships in other emerging categories, including medicines, sleep aids, cosmetics, edibles, and more. This strategy takes time to build steam, but HEXO's early partnership with Molson validates the model.

Long term, this is one of the only cannabis stocks capable of targeting every pot opportunity available. The pullback offers a chance to get in at bargain prices.

## Ignore the crowd

Over the next decade, electric cars are prepared to take over the roads. Although environmental regulations may spur some adoption, the long-term story is about economics. As battery prices fall, electric vehicles will be cheaper to produce and maintain than those with internal combustion engines. When including fuel savings, the choice will be easy for every car shopper.

To take advantage, millions of investors have chosen **Tesla**. That may or may not be a good pick, but there are other options that don't have an Elon Musk premium factored in.

**Lithium Americas** ([TSX:LAC](#))([NYSE:LAC](#)) is a perfect example. As its name suggests, Lithium Americas owns mines that produce lithium, a critical component for electric vehicle batteries. As electric car demand goes exponential, so will demand for lithium.

The company's Argentina mine is expected to produce 40,000 tonnes of battery-grade lithium per year, with a project life of 40 years. If you discount the value of the mine back at a 10% discount rate, it has a present value of \$1.3 billion.

Lithium America owns a 50% interest in the project, so this mine alone has a value to the company of around \$650 million. With a market cap of just \$420 million, the upside math is clear.

The company is expected to approach first production by the end of 2020. Don't be surprised to see the discount narrow as the months elapse.

### CATEGORY

1. Cannabis Stocks
2. Investing
3. Metals and Mining Stocks

### POST TAG

1. Cannabis
2. Editor's Choice

### TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. NYSE:GOOS (Canada Goose)
3. NYSE:LAC (Lithium Americas Corp.)
4. TSX:GOOS (Canada Goose)
5. TSX:HEXO (HEXO Corp.)
6. TSX:LAC (Lithium Americas Corp.)

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