



2 of the Hottest Canadian Stocks to Buy Now

Description

Often times when investors are looking for their next investment, they'll look to a stock that's been sold off and is trading for cheaper than it should be.

While this can be a rewarding strategy, buying turnaround stocks and owning them while they ascend back to their previous levels and full potential; sometimes the best investments come from finding stocks that are on a hot streak.

This way you can use the stocks natural momentum, and chances are its business will continue to expand over the years.

Investors should be careful, however, as trying to employ this strategy over the short term is essential speculation, and much higher risk.

It's paramount to find companies that are on long-term hot streaks, because buying in early enough could result in years of investment growth and large percentage returns.

When **Shopify** grew by roughly 50% in 2016, investors who may have decided to wait for a pullback to gain some exposure would have gotten the chance to do so; since the end of 2016, the stock is up more than 900%.

While [Shopify](#) continues to have growth potential, investors who weren't invested before this major jump have missed the majority of the growth, which is why you want to identify hot stocks as early as possible and gain the exposure before the share price takes off.

Two of the hottest stocks on the TSX today are **Aritzia Inc** ([TSX:ATZ](#)) and **Cargojet Inc** ([TSX:CJT](#)).

Aritzia

Aritzia is a retailer and women's fashion company that has boutiques in Canada and the United States. At a time when consumers are shifting more of their shopping online, Aritzia is defying all odds,

growing its business at an incredible pace.

It has crafted out its own segment of the market that has earned its products a premium, especially in comparison to some other fast fashion choices, leaving its products in high demand.

The company has done a brilliant job of using influencers to drive awareness to its business and new fashion lines that it's developed in house. It also uses the boutiques it opens to generate brand awareness which it uses to help drive ecommerce sales, in order to attract new customers.

The fact that the stores help to generate awareness in addition to being a way for the company to get its product to market makes the boutiques all that much more valuable.

Plus, the company has never once had to close down a location due to underperformance, and regularly expects to be paid back within two years of opening a new location.

The company still has a fair amount of room to grow in the United States, so although its shares are up roughly 50% in the last 12 months, there is still plenty of upside from here.

Cargojet

While Aritzia is growing despite the shift to online shopping, Cargojet is growing because of it. The company is responsible for more than 90% of the Canadian market for overnight shipping, which is almost all items that were bought online by consumers.

This requires users of its service to trust Cargojet to be on time, as that's the most important factor when it comes to overnight time-sensitive shipping. Similar to everything else Cargojet does, its on-time performance is exceptional.

This has allowed it to make strategic deals with companies like **Amazon** and Canada Post. These strategic deals and natural increase in demand for its services have driven Cargojet to more than double its earnings before interest, taxes, depreciation and amortization (EBITDA) in just the last three years.

As demand for its services continues to rise, Cargojet's operating income will expand rapidly, especially when you consider that airline transportation only gets more profitable as it scales.

So, at an enterprise value to EBITDA ratio of just 14.1 times today, its valuation is extremely attractive.

Bottom line

Much of the strategy involves the share price having momentum in order to attract more investors, which keeps the price increasing. It also relies on strong business conditions and execution from the company.

That's why investors are advised not to get too caught up in watching share prices and instead focus on finding the companies with high-growth potential.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ATZ (Aritzia Inc.)
2. TSX:CJT (Cargojet Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

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