



Ranking the Top Canadian Stocks on the TSX Index for 2020

Description

There is an investment philosophy that you are best to double down on your winners — that winners *keep* winning. The philosophy is sound, as studies have shown that averaging-up consistently outperforms an averaging-down strategy. Last year, the **S&P/Composite Index** posted total returns north of 20%, as it posted the best year since 2009.

With that in mind, today we rank the top-performing Canadian stocks for 2020.

Shopify

While it may sound like a broken record, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) was one again one of the top-performing stocks of 2019. It gained 178.3% in 2019 and has continued its impressive performance through the first few weeks of January.

Betting against Shopify has been a foolish proposition. Even notable short-sellers have begun to [throw in the towel](#) on this stock. That said, the company is trading near record high valuations.

At 31 times sales, it has only been this expensive once before. The last time it peaked at such prices, it dropped by approximately 25%.

Shopify still has one of the best expected growth rates in the industry, as earnings and revenue are expected to grow by over 50% over the next few years. That type of growth is difficult to come buy.

Furthermore, it's one of the most reliable stocks out there, only missing on earnings once since its IPO and beating revenue estimates every quarter.

Alacer Gold

In 2019, the price of gold finally broke through resistance and producers had a big year. The **S&P/TSX Gold Index** returned more than 40% and the top-performing gold stock of the year was **Alacer Gold** (TSX:ASR).

With gains of 165.5%, Alacer Gold shareholders more than doubled their money. The good news? It doesn't appear that the party is over just yet. Gold is holding strong, and Alacer is trading at just 13.72 times forward earnings.

Next year, the company is expected to grow earnings by 22%. Alacer also happens to be one of the [lowest cost producers](#) with all-in sustaining costs of between \$675-\$725 per ounce. At today's gold prices above \$1,500/oz, Alacer is printing cash.

As long as the price of gold holds, investors will want to ensure they have exposure to the precious metal in their portfolios.

Real Matters

The top-performing stock on the **TSX Index** in 2019 has a shot at a repeat performance. In 2019, **Real Matters** (TSX:REAL) more than tripled in price with gains of 291.80%! After the strong performance, it was added to the **S&P/TSX Composite Index** this past fall.

At first glance, the company may seem expensive, as it is trading at 100 times earnings. However, the P/E ratio is a backward-looking measurement. On a forward basis, it's trading at just 32 times earnings, below the industry average of 41 times earnings.

Looking even further out, the company has a five-year PE to growth (PEG) ratio of 0.5. A PEG below 1 is an indication that the share price is not keeping up with expected growth rates. As such, it is considered undervalued.

Real has picked up where it left off, with gains of 6.75% thus far in 2020, more than double the S&P/TSX average (3%). Despite a moonshot in 2019, investors should not discount another strong performance in 2020.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:REAL (Real Matters Inc.)
3. TSX:SHOP (Shopify Inc.)

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Author

mlitalien

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