



This TSX Growth Stock Could Make You Healthy and Wealthy!

Description

Due to social-distancing measures, many of us are home with a little more free time than we normally like. Yet this is time we can use to think, relax, spend time with family, and, of course, work on our investment strategy. Since we all are participating in a new economy, or what some call “[the stay-at-home](#) economy,” I thought we could look at a TSX growth stock that is simultaneously making Canadians healthy and wealthy.

Good health and vitamins

The stock is **Jamieson Wellness** ([TSX:JWEL](#)). You might recognize the name from its tasty chewable flavours of Vitamin C. On any given day, it can be found in cupboards and on family breakfast tables across Canada. When it comes to vitamins, Jamieson is probably one of the first brands you recognize. In fact, its trusted line of vitamins, minerals, and health supplements are rated as Canada’s number one health brand.

Jamieson is a growth stock

First, for a consumer supplier, brand recognition is everything. For Jamieson, being number one is key. Even though Jamieson’s products seem to have a slightly higher price point, its packaging is attractive and professional looking. It is my family’s favourite vitamin brand because it tastes good (orange-flavoured Vitamin C is the best), it has a particular quality, and I trust it.

Second, Jamieson is a growth stock. It has begun to successfully expand its products internationally, especially in China. Jamieson’s 2019 year-end statement noted that it has taken a leading international brand position in China. It is marketing over 20 health products there. China’s population is 30 times the size of Canada’s, so there is a lot of room to grow.

Management also mentioned that it is methodically expanding in the U.S., particularly through e-commerce verticals such as **Amazon.com**. Presently, 25% of its revenue is derived from international channels. I think this could grow to 50% very quickly, as it continues to expand its global e-commerce

capacity.

Revenue just exploded

Third, Jamieson's brand is thriving at a time when people are highly aware of their health. Its products help ensure positive overall health by boosting people's immune systems, so demand right now is strong. In fact, management just posted [a note yesterday](#) stating that it has seen revenue across all segments rise dramatically. For Q1, domestic revenue has increased around 20% and international revenue increased a whopping 50%!

Now, unfortunately, higher revenue will be offset by higher operating costs resulting from COVID-19 restrictions/regulations. That could temporarily impact Jamieson's margins. Yet, to me, this indicates that Jamieson is solidifying itself as the Canadian/global brand of choice for vitamins and health supplements.

Jamieson delivers good wealth

Lastly, Jamieson is a great growth stock to own. It is just very well run and managed. Since 2016, it has grown revenues and adjusted EBITDA, respectively, by a CAGR of 11.6% and 17.5%. Last year, it increased its adjusted earnings by 13%. Jamieson has been able to increase its distribution by 10-12% a year due to its consistent earnings growth. Presently it yields 1.7%.

Since its 2017 IPO, Jamieson has had a few growing pains. So far, though, it has executed great returns for shareholders. If you had bought \$10,000 at the IPO, you'd be up 68% and would have gained an extra \$6,851 on your investment. That is an average return of 21% a year! 2020 looks as if it should be just as good or better. I would grab those kinds of returns just as quickly as I grab my vitamins every day.

The Foolish takeaway

You should note that the stock at this price is pretty expensive and trades at 35 times earnings. I would probably wait for the TSX to dip somewhat before buying. Yet, just remember: if you want to be healthier and wealthier in the long run, don't just buy Jamieson's vitamins; buy its shares. You will be feel great that you did.

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