Top Growth Stocks on the TSX Index

Description

Over the past decade, investing in the top growth stocks is a proven strategy. Growth investors have enjoyed outsized gains, while value investors have been left with few options. Now that markets have retreated from all-time highs, there are several companies that are dual threats. They provide growth at excellent prices.

A growth stock is typically defined as one that is growing by an average of at least 10% annually. I prefer to look at companies that are growing earnings and revenue by double digits. With this in mind, here are the top growth stocks TSX Index.

To increase its appeal to value investors, they are also trading at a discount to historical averages.

A top financial growth stock

After a significant pullback in which it lost approximately 60% of its value, **goeasy** (TSX:GSY) stock is beginning to rebound. In April, the company's stock is up 22.67%, far outpacing the returns of the S&P/TSX Index (14%).

Over the next couple of years, analysts are expecting goeasy to average annual earnings and revenue growth of 18.9% and 11.68%, respectively. There is no other TSX-listed financial company that is growing at such a pace.

Increasing its attractiveness, the company is extremely cheap. This top growth stock is trading at only 5.84 times forward earnings and has a P/E-to-growth (PEG) ratio of only 0.31. It is clear that the company's share price is lagging growth rates.

goeasy is also trading at a 47% discount to historical valuations and a 45% discount to analysts' average one-year price target of $72.83 per share.

A top gold stock

Currently, most gold stocks qualify as growth stocks. As the price of gold is close to hitting record highs, several of the industry leaders are expected to post double-digit growth. There is one, however, that stands out for its growth and value: **SEMAFO** (TSX:SMF).

There is no question that with operations in Burkina Faso, SEMAFO presents additional geopolitical risk. However, there is no denying that it is a company that will shine in a stable environment. Over the next couple of years, SEMAFO is expected to average 44% earnings growth on the back of 22.08% average revenue growth.

It is also arguably the cheapest gold stock on the TSX Index. It is trading at only 7.60 times forward earnings and has a tiny PEG ratio of 0.18. This is among the lowest PEG ratios on the entire TSX Index. Full stop, this makes it one of the cheapest among all top growth stocks.

On average, analysts believe there is 57% upside to the company's current share price of $3.80 per share. This is not surprising, as SEMAFO is also trading at 50% discount to historical averages.

A triple-threat technology stock

The tech sector has been one of the best performing of the year. This makes finding value in the sector particularly difficult. However, one stock that fits the bill is **Open Text** (TSX:OTEX)(NASDAQ:OTEX). As an added bonus, Open Text is a Canadian Dividend Aristocrat.

Analysts are expecting average annual earnings growth of 39%, which will be supported by 10% average annual revenue growth. Although it isn't the fastest-growing tech stock, it certainly stands out in terms of valuation.

At 13.35 times earnings, Open Text is one of the only tech companies currently trading at a discount (22%) to its historical average. Likewise, this top growth stock is trading at one of the biggest discounts (21%) to analysts' one-year price targets.

To cement its place among the cheapest tech stocks, Open Text has a PEG ratio of only 0.31. This is a clear sign that the company's share price is not keeping up with expected growth rates. Combined with a dividend that is growing at a 15% clip, Open Text is a rare triple threat. It deserves a second look by income, growth, and value investors alike.

CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Metals and Mining Stocks
5. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. TSX:GSY (goeasy Ltd.)
3. TSX:OTEX (Open Text Corporation)

PARTNER-FEEDS

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

Category

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Metals and Mining Stocks
5. Tech Stocks

Tags

1. Editor's Choice

Date
2025/06/30
Date Created
2020/05/01
Author
mlitalien