This Under-the-Radar TSX Stock Just Soared 111% — and Still Has Room to Run!

Description

Move over **Shopify**; there's an even hotter **TSX** stock in town.

Don't look now, but **GoodFood Market** (TSX:FOOD) stock just skyrocketed over 111% from its low on March 13 thanks to its favourable positioning amid the coronavirus (COVID-19) pandemic. Despite the incredible run, the TSX stock still looks like a decent way to hedge your portfolio from what could be another few years of intermittent coronavirus-induced lockdowns.

Meal-kit delivery subscriptions: Fad or secular trend?

In the pre-pandemic era, the economics of the meal-kit delivery service companies were up for debate. Sure, they were a convenient way for millennials to eat at home — and the novelty factor was undoubtedly intriguing. But the high sticker price to subscriptions, the excessive packaging waste, and other issues led some to wonder if the rise of meal-kit delivery services was anything more than a fad.

At times, it can be tough to differentiate between a fad and an early-stage secular trend. While the real value of meal-kit delivery services varies depending on the personal tastes of individual consumers, one thing is for sure: the value such services has gone up substantially in this pandemic.

Heading to the grocery store was a chore in the pre-pandemic era. In the age of the coronavirus, it's become a potentially dangerous one given that social distancing isn't always possible when consumers flock to the toilet paper aisle at the local grocery store.

Although grocery store workers (major heroes at the frontlines) have been going the extra mile to make things safer for its customers, the experience of having to grocery shop during the COVID-19 pandemic can be a pretty scary one.

A compelling hedge that's worth the price of admission

That makes the lofty price of weekly meal-kit deliveries well worth the premium price tag. Even in the post-pandemic era, consumers are still going to be cautious for quite some, and that could be a long-lasting boon for meal-kit delivery firms like GoodFood. Moreover, meal-kit deliveries could become the new norm for people after having used it for the majority of this pandemic.

As such, I see GoodFood as more than just a novel fad or a pandemic hedge. As the company looks to increase the value proposition for its customers, GoodFood is an attractive growth company with room to run.

Back in November, before the pandemic, I called GoodFood a growth stock that Tax-Free Savings Account (TFSA) investors should hold for the next 20 years, touting the firm for its competitive advantages and the fact that its margins were headed in the right direction.

In April, I pounded the table on the TSX stock, praising the firm for its role in helping vulnerable Canadians stay safe amid these unprecedented times.

“I see GoodFood as a long-term investment that can help your portfolio weather these tough times while playing a significant role in assisting self-isolating Canadians minimize their chances of contracting the deadly COVID-19,” I said in a prior piece. “But please don’t see GoodFood as some sort of ‘pandemic trade’ to make yourself a quick buck.”

Foolish takeaway

Today, shares of GoodFood have more than doubled in just over a month. The TSX stock still isn’t with shares trading at just 1.1 times sales, making the name a top pick for long-term growth investors who seek to hedge their portfolio from the insidious coronavirus.

Stay hungry. Stay Foolish.

CATEGORY

1. Coronavirus
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:FOOD (Goodfood Market)

PARTNER-FEEDS

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

Category

1. Coronavirus
2. Stocks for Beginners

Date
2025/07/06
Date Created
2020/05/06
Author
joefrenette