



3 Momentum Stocks for Red-Hot Gains (Without Paying the CRA a Dime)

Description

Hi there, Fools! I'm back to quickly highlight three stocks trading at new 52-week highs. Why? Because after a given stock rallies over a short period, one of two things usually happens:

- the stock [keeps on climbing](#) as momentum traders pile on; or
- the stock quickly pulls back as [value-oriented investors](#) lock in profits.

So if you're a Tax-Free Savings Account (TFSA) momentum investor straining for good ideas amid the current market panic, this list is a good place to begin.

Golden opportunity

Leading off our list is gold producer **Wesdome Gold Mines** ([TSX:WDO](#)), which has rocketed 158% over the past year and currently trades near 52-week highs of \$12 per share.

In addition to the obvious strength in the price of gold, Wesdome's massive run over the past year has been fuelled by solid production and earnings growth. In the most recent quarter, revenue spiked 76% to \$57.3 million as production increased 36% to 24,457 ounces.

More important is that Wesdome generated \$16.7 million in free cash flow, resulting in a rock-solid cash position of \$49.4 million.

"Despite these COVID-19-related delays, we are maintaining this year's production guidance. Longer term, Wesdome's plan of becoming an intermediate gold producer remains intact," said CEO Duncan Middlemiss. "There have been some setbacks related to this pandemic, but we can still see becoming a 200,000-plus ounce producer in the medium term."

Wesdome trades at a forward P/E of 15.

Absolute steal

Next up we have security software technologist **Absolute Software** (TSX:ABT), whose shares have risen 32% over the past year and currently trade near 52-week highs of \$12.

After being walloped in March, Absolute shares have risen sharply in recent weeks, giving momentum investors plenty of positive vibes. Specifically, the company's impressive scale (more than 12,000 customers worldwide), consistent growth rates, and sound fundamentals should continue to fuel strong long-term returns.

In the most recent quarter, EPS of \$0.05 topped expectations as revenue improved 5% to \$26 million.

"We continued to see steady growth, while exceeding our expectations on EBITDA in the third quarter," said CEO Christy Wyatt. "Whether it's hybrid remote work or the evolution of learning environments, there's never been a more critical time for the undeletable endpoint defense that only Absolute can provide."

Absolute shares currently trade at a forward P/E in the high-40s and offer a dividend yield of 2.9%.

Exchange rate

Rounding out our list is **Toronto Stock Exchange** operator **TMX Group** ([TSX: X](#)), which is up about 45% over the past year and currently trades near 52-week highs of \$139 per share.

TMX Group has held up quite well during this current downturn, suggesting that it remains an effective way to play defense. Specifically, TMX's cost efficiencies, asset-light business model, and sound fundamentals should continue to fuel strong price gains over the long run.

In the most recent quarter, EPS improved 14% as revenue increased 12% to \$220 million. More important, operating cash flow jumped 50% to \$52.5 million.

"TMX achieved strong earnings growth in the first quarter of 2020 compared to the first three months of 2019, reflecting high volatility and a surge in activity as markets reacted to the COVID19 pandemic," said CEO John McKenzie.

TMX shares offer a decent dividend yield of 2.0%.

The bottom line

There you have it, Fools: three red-hot momentum stocks worth checking out.

As always, they aren't formal recommendations. Instead, look at them as a starting point for further research. Momentum stocks are especially fickle, so plenty of your own due diligence is required.

Fool on.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ABST (Absolute Software)
2. TSX:WDO (Wesdome Gold Mines Ltd.)
3. TSX:X (TMX Group)

PARTNER-FEEDS

1. Business Insider
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