



Top Growth Stocks on the TSX Index

Description

Growth stocks continue to outperform, a continuation of a trend that began after the last financial crisis. This is not surprising if you consider that growth stocks do quite well in a bull market. We just emerged from the longest bull run in history.

In a bear market, growth stocks tend to lose value at a faster pace than income and value stocks. However, all bets are off in the bear market of 2020. It has been an unprecedented event that's causing investors to rethink their investment plans. Led by the tech industry, stocks with strong growth rates are doing quite well.

In the majority of cases, growth has been stunted thanks to the COVID-19 pandemic. However, there are still several that are expected to post impressive growth rates. These are the stocks that are positioned to outperform in a prolonged bear market or if the market rallies.

With that in mind, here are two of the [top growth stocks](#) on the **TSX Index**.

A gold stock poised for a strong second half

The price of gold is touching multi-year highs and producers are faring quite well. One stock that is set for a [strong second half](#) is **Alamos Gold** ([TSX:AGI](#))([NYSE:AGI](#)). The company's stock price is up 41% year to date and the best is yet to come.

Despite the temporary mine closures as a result of COVID-19, analysts expect the company to grow earnings and revenue by 39.66% and 9.63% in 2020. In 2021, estimates are for 72.81% earnings growth and for revenue to jump by 25.15%.

Production growth is being fuelled by the lower mine expansion at Young-Davidson. The mine will enter operation by the end of July and is expected to fuel significant cash flow in the second half.

Trading at just 31.19 times earnings, it sports a PE to growth (PEG) ratio of only 0.33 — an indication that the company's stock price is not keeping up with growth expectations. This makes it one of the most attractive growth stocks on the Index.

A high-growth tech stock

Another attractively valued growth stock is **Real Matters** ([TSX:REAL](#))(NYSE:REAL). The company's proprietary mortgage and lending software platform is quickly gaining traction among industry agents. After a bumpy start post IPO, the company has since reeled off six consecutive quarters of beating quarterly estimates.

Speaking of estimates, analysts are expecting average annual earnings and revenue growth of 47.2% and 31.63% respectively. Given the company's habit of beating on both the top and bottom lines, these estimates may be on the low end.

It is also worth noting that Real Matters is the top growth stock in the technology industry. It is the only company that will grow earnings and revenue at a 30%+ clip. Not even **Shopify** has such rates given its spotty earnings history.

It is also one of the best valued tech stocks. It's trading at just 3.7 times sales, which is well below the likes of Shopify and **Kinaxis**, which have P/S ratios of 25.52 and 15.90 respectively. As well, it has a PEG ratio of 0.30, the lowest in the technology industry.

Foolish takeaway

Growth stocks require a higher level of risk tolerance. As their valuations are more dependent on future estimates than historical performance. That said, both Almost Gold and Real Matters have an attractive risk-to-reward profile given current valuations and outsized growth rates.

Even if they fail to meet expectations, they can still grow substantially and limit downside given their decent valuations. In the event, they meet or beat expectations then they are likely to be some of the best-performing growth stocks on the **TSX Index**.

CATEGORY

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

TICKERS GLOBAL

1. NYSE:AGI (Alamos Gold Inc.)
2. TSX:AGI (Alamos Gold Inc.)
3. TSX:REAL (Real Matters Inc.)

PARTNER-FEEDS

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

Category

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

Date

2025/06/29

Date Created

2020/05/16

Author

mlitalien

default watermark

default watermark