



Smart Investor: These 2 Stocks Can Double Your Money in 5 Years

Description

After six months of rally, the stock market became volatile in September as the first phase of the government stimulus package ended. The wait is over. As the end of this volatile month nears, the Justin Trudeau government announced the [next phase](#) of the COVID-19 Response Plan.

Prepare for another round of stock market rally

The new benefits look good at the first glance. It can maintain liquidity in the hands of unemployed Canadians while they search for a job. The stock market has been rallying for the last six months on the back of this liquidity. Once these benefits roll out and increase liquidity, the stock market would return to its growth path.

This is the right time to buy some good quality growth stocks that have dipped with the market this month.

Cargojet stock

Cargojet ([TSX:CJT](#)) was a beneficiary of the pandemic as the demand for its time-sensitive air cargo services surged. It was declared an essential service during the lockdown as it handles 90-95% of Canada's air cargo traffic. It saw a significant surge in volume for e-commerce orders, personal protective equipment, and other medical supplies from Asia to Canada.

The demand surge in e-commerce and medical supplies has more than offset the declines in business-to-business (B2B) volumes, thereby increasing its [second-quarter](#) revenue by 65% YoY (year over year) to \$196.1 million. It also benefitted from lower oil prices, which reduced the fuel cost and increased its adjusted EBITDA by 143% YoY to \$91 million. This would become the new normal for the air cargo giant as the e-commerce trend is here to stay.

As the economy reopens, the surge in medical supply orders would slow, but that will be compensated by the return of B2B volumes. The oil prices will take some time to surge, which means that Cargojet

will continue to enjoy higher profits in the mid-term.

The above factors drove Cargojet stock up 80% year to date (YTD). The **Toronto Stock Exchange** even recognized it as the tenth best performing stock on the 2020 list of TSX30. The stock has been rising at a CAGR of 24% even before the pandemic. If you had invested \$10,000 in Cargojet in early 2015, you would now have \$72,000 in your account.

The Cargojet stock rally is here to stay. It has already surged 17% after falling to \$162.57 in early September correction and is just 3% away from its all-time high. It is set to make new highs in the coming months as the holiday season volumes pick up.

Kinaxis stock

Just like Cargojet, **Kinaxis** ([TSX:KXS](#)) is set to benefit from the surge in e-commerce. The e-commerce wave has added a layer of complexity to supply chain and logistics. Moreover, the pandemic is in different phases across the world. Some manufacturers are under lockdown and some are operating at full capacity. Consumer demand has also changed. The need for the post-pandemic world is a flexible supply chain, creating a need for Kinaxis.

Kinaxis caters to large organizations with complex supply chain operations. At the peak of the pandemic, the company saw delays in new subscriptions and renewals. But the re-opening of the economy would drive its subscriptions. In the second quarter, Kinaxis's revenue rose 45% YoY to US\$61.4 billion, as many large enterprises renewed their subscription for a longer-term. Its adjusted EBITDA rose 94.5% YoY to US\$22.5 million.

Kinaxis has been doing well even before the pandemic. Its revenue and adjusted EBITDA surged at a CAGR of 22% and 29%, respectively, in the last five years. This growth reflected in its stock price as Kinaxis stock surged 75.5% YTD. The general public holds 60% of Kinaxis shares and institutional investors, including hedge funds, hold the remaining 40%.

Investor corner

In the recent stock market correction earlier this month, [Kinaxis stock fell 15%](#) as retail investors cashed out some profits due to delay in Canada Emergency Response Benefit (CERB). This is a good time to buy the stock at a 24% discount from its 52-week high.

Kinaxis's and Cargojet's stock rally can double your money in three years.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:CJT (Cargojet Inc.)
2. TSX:KXS (Kinaxis Inc.)

PARTNER-FEEDS

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