Insider Pick: Massive Upside on the Horizon!

Description

Whenever a stock's insiders own nearly half of a company, investors ought to take notice. In the case of **Canada Goose** (TSX:GOOS)(NYSE:GOOS), insiders own approximately 46% of the shares of the company. These shares are held by the company's CEO and a private equity firm.

I'm going to discuss why this is important — and why individual investors ought to care.

Management should put its money where its mouth is

Any CEO claims that he or she believes in the company they manage. To own a significant chunk, and stay heavily invested is another story entirely.

I like focusing on who owns the shares of a given investment I'm looking at. This helps tell me to what extent I believe a given company's management team is truly drinking the Kool-Aid. Just wearing the company t-shirt at corporate events isn't enough. Having financial exposure to the gains and losses of the company one manages is far more important.

In this context, Canada Goose looks like just the type of company I want to own. Having long-term shareholders on one's side

Massive upside on the horizon?

As fellow Fool contributor Ryan Vanzo suggested in a recent article, a doubling of the company's stock price in a few months in 2020 was warranted. As well, Vanzo suggests that another doubling could be on the horizon, though perhaps at a slower pace than in the past.

I couldn’t agree more. I think this stock is poised to take advantage of outsized growth in the luxury sales market in 2021. Canada Goose is growing domestically and internationally at absolutely incredible clips. The fact that international sales continue to skyrocket at more than 50% a year I thinkis sustainable for the foreseeable future.

Growing sales in Asia will continue to be the focus of Canada Goose, as the company looks to improve on its already impressive 33% annual revenue growth rate. As international markets become a bigger piece of the pie for this company, investors will be able to tap into a source of unprecedented growth in retail in Canada.

Other bullish catalysts

Growing e-commerce sales are also bullish for Canada Goose investors. This company has done an incredible job of improving its online offerings, lowering its cost profile along the way. Avoiding hefty rents in expensive international flagship locations via focusing on online sales could boost margins further. I see continued margin enhancement, as well as aforementioned parabolic revenue growth, as the two key investment theses for this stock right now.

Additionally, Canada Goose has done an incredible job of bringing manufacturing in-house. By controlling more of the supply chain, this company has increased its margins while simultaneously improving on some logistical problems which hampered shares in the past. Canada Goose’s operating margins have improved substantially of late as a result of these moves.

Accordingly, further margin expansion could be on the horizon. This is because I think Canada Goose has only capitalized on the tip of the iceberg right now.

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