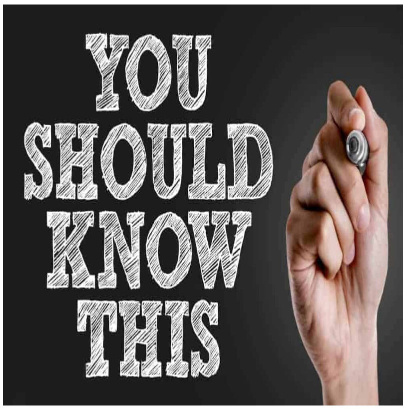

2 TSX Stocks That Turned $1,000 Into $40,000 in Less Than 5 Years

Description

It's always an investor's dream to buy stocks in companies with the ability to grow their wealth at an exponential rate. Equity investing remains the most popular asset class for people with a long-term horizon as it has consistently generated inflation-beating returns.

While past performance does not guarantee future returns, it is a useful screening tool for investors. Companies that have outperformed the broader markets over a period of time are better poised to keep doing so as they generally have robust fundamentals and a strong leadership team at the helm.

It also suggests these companies have beaten analyst expectations time and again. Further, growth companies are part of a rapidly expanding addressable market that allows them to grow revenue and earnings at a quick pace over time.

Here we take a look at two Canadian stocks that have been on an absolute tear in the last five years.

Well Health stock is up 7,500% since IPO

Well Health (TSX:WELL) is a company that went public back in April 2016 at a price of $0.11 per share. Since then the stock is up a staggering 7,460%, which means a $1,000 in Well Health Initial Public Offering (IPO) would have returned over $75,000 today.

Well Health aims to disrupt the healthcare space, which is one of the most important pillars of a developed economy. The Canadian government, in fact, spent $242 billion on care delivery in 2017 that accounted for 11% of the country's GDP.

According to Well Health, the healthcare sector is under-digitalized and this lack of modernization has resulted in inefficiencies that impact healthcare workers as well as patients.

Well Health is focused on the acquisition of digital assets and primary healthcare services. Its acquisition targets are generally highly accretive, making it one of the largest single chain of primary healthcare clinics in British Columbia.

Analysts tracking Well Health expect the company sales to rise by 52% to $50 million in 2020 and by 118% to $108 million in 2021. While the company is still unprofitable, analysts expect loss per share to narrow from $0.08 in 2020 to $0.02 in 2021.

Despite its stellar run, Bay Street has a 12-month average target price of $10 for Well Health, which means the stock is trading at a discount of 32% right now.

Shopify is another stock that has outperformed since its IPO

Another stock that has gained significant momentum over the years is Canadian tech giant **Shopify** (TSX:SHOP)(NYSE:SHOP). Shares of Shopify are up 4, 300% in the last five years, which means a $1,000 investment in this stock would have returned $44,000 today.

Shopify has multiple secular tailwinds that have allowed the company to grow revenue at a solid pace. The COVID-19 pandemic accelerated the trend to online shopping, allowing Shopify to increase sales by 82% year over year in the first nine months of 2020.

As its merchant base has increased, Shopify has managed to derive incremental revenue from this vertical by offering add-on products and services.

Shopify is now the largest company in Canada in terms of market cap. However, its high valuation is supported by enviable growth metrics. While the stock might remain vulnerable in the near-term, a correction in Shopify shares should be viewed as a buying opportunity for long-term investors.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)
3. TSX:WELL (WELL Health Technologies Corp.)

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