



2 Canadian Stocks With Market-Beating Growth Potential

Description

If you're looking to invest in individual Canadian stocks, there's a good chance that you have a goal of outperforming the market. Or, if growth isn't what you're after, you might be looking for [top dividend stocks](#) to drive a steady stream of income.

In 2020, investors saw a long list of Canadian stocks that outperformed the market's 3% return. While there was no shortage of Canadian companies that had strong years in 2020, it's the market-leading companies with strong competitive advantages that can lead to market-beating growth over the long term.

I've reviewed two Canadian stocks that have a recent track record of outperforming the market. But I'm not recommending investors pick up shares of the stocks based solely on historical performance. It's the growth potential that makes me bullish on the two companies.

Canadian stock #1: Brookfield Renewable Partners

The growth potential of the [renewable energy sector](#) is far from a secret anymore. The sector had a fantastic year in 2020, and newly elected U.S. president Joe Biden should only help fuel that growth.

Brookfield Renewable Partners ([TSX:BEP.UN](#))([NYSE:BEP](#)) might not have the highest growth potential among Canadian green energy stocks, but it's just about the most well-rounded company you'll find in the sector.

The nearly \$20 billion company has a global presence, with customers in North and South America, Europe, and Asia.

Not only is the Canadian stock diversified geographically, but it also offers its customers a wide range of products. Brookfield Renewable Partners generates electricity through solar, hydro, and wind energy sources.

The Canadian stock has easily outpaced the Canadian market in recent history. Shares are up more than 200% over the past five years and are nearing a gain of 450% over the past decade.

As an added bonus, the renewable energy company owns an impressive dividend yield of 2.4% at today's stock price. There's not much to dislike about this Canadian stock.

Canadian stock #2: Dye & Durham

Dye & Durham ([TSX:DND](#)) definitely has a history of outperforming the Canadian market, but it doesn't date back all that far.

The Canadian stock joined the public market in July 2020. Since going public, the stock is up nearly 200%.

The Canadian stock has carved out a niche for itself through its cloud-based platforms. The tech company's software is built to automate the process of filing and maintaining electronic public records. Dye & Durham sees this as a massive market opportunity that lacks a dominant market leader.

Dye & Durham has a strong presence within the law firm market but also supports government and financial institutions.

After growing nearly 185% since July of last year, the Canadian stock is understandably not cheap. It trades today at a frothy price-to-sales ratio of almost 40.

The Canadian stock may be expensive, but that's because the growth expectations are so high. If the company can deliver on those expectations, which I believe it can, this is one stock that shouldn't have a problem continuing to crush the Canadian market's returns.

The stock is trading today about 15% below all-time highs. If you're looking to start a position in this growth stock, you'll want to take advantage of this rare discount.

Foolish bottom line

If you're looking for Canadian stocks to outperform the market, you'll need to be ready to pay a premium. Companies with strong track records of market-beating growth do not come cheap. Neither do stocks with extremely high growth expectations.

The reason why I'm bullish on these two Canadian stocks is that the growth trajectory is clear to me.

Renewable energy stocks have a handful of tailwinds that should help drive the growth of the entire sector over the next decade.

In Dye & Durham's case, it's captured a lucrative market opportunity and is well on its way to becoming the Canadian leader in the niche market.

CATEGORY

1. Energy Stocks

2. Investing
3. Tech Stocks

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5. dye and durham
6. Editor's Choice
7. energy
8. energy stocks
9. green energy
10. growth
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12. renewable energy
13. renewable energy stocks
14. tech stocks

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:DND (Dye & Durham Limited)

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Author

ndobroruka

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