



These 3 Canadian Stocks Are Up Over 20%: Will the Momentum Continue?

Description

Amid hopes of demand recovery and economic expansion, the uptrend in Canadian equity markets has continued, with the **S&P/TSX Composite Index** trading over 10% higher. Meanwhile, the following three companies have delivered over 20% returns this year, comfortably outperforming the broader equity markets. Let's assess whether the momentum in these stocks can continue?

goeasy

Continuing on its impressive performance over the last five years, **goeasy** ([TSX:GSY](#)) is trading close to 53% higher for this year. Its exceptional [fourth-quarter performance](#) and a robust management outlook for the next three years have led its stock price to rise. Amid higher operating leverage and lower credit losses, the company's operating margins expanded by 7.3% to 35.4% in the fourth quarter. Its adjusted EPS grew by 55% year over year, while return-on-equity stood at 32.8%. Despite its stock price growth, the company's forward price-to-earnings stands at an attractive 15.3.

Meanwhile, the improvement in economic activities could drive the demand for goeasy's services. Its expanding product range, penetration into newer markets, and under-served sub-prime market augur well with its growth prospects. Further, the company is working on completing LendCare Holdings's acquisition for \$320 million in a cash and stock deal, which could expand its product range and point-of-sale distribution platform. The company has also raised \$170 million through new equity offerings to complete the transaction, which could complete in the second quarter of this year.

Given its healthy growth prospects and attractive valuation, [I believe the uptrend in goeasy's stock price to continue.](#)

HEXO

My second pick would be **Hexo** ([TSX:HEXO](#))(NYSE:HEXO). Along with the weakness in the cannabis sector, the announcement by the company's management to raise approximately \$1.2 billion through new equity offerings has dragged the company's stock price down by 50% from its February highs.

Investors are worried about the dilution that the new equity offerings can cause. Despite the fall, HEXO trades close to 50% higher for this year.

Despite the next-term weakness, the company's outlook looks healthy. HEXO has gained substantial market share in the cannabis-infused beverage segment, which offers strong growth prospects. Meanwhile, the company is also expanding its product offering and improving its distribution network to drive sales.

Further, HEXO is working on completing the acquisition of Zenabis Global, which could position HEXO as one of the leading players in the Canadian recreational market. It is also looking at partnering with CPG players to launch edible products, which could help the company expand its footprint in the United States. Given its healthy growth prospects, I believe investors with over two years of investment horizon could buy the stock to earn superior returns.

Pembina Pipeline

The final pick on this list would be **Pembina Pipeline** ([TSX:PPL](#))([NYSE:PBA](#)), which is trading 23.7% higher for this year. The recovery in the energy sector appears to have driven the company's stock price higher. Despite the rise, the company still trades 22.7% lower from its January 2020 levels. Its price-to-book and forward price-to-earnings multiples are also attractive at 1.7 and 15.8, respectively.

Meanwhile, the company's management has planned to invest around \$785 million this year to support its growth initiatives. Along with these investments, higher oil prices could boost the company's financials and stock price. Amid the improvement in economic activities, industry experts are projecting oil prices to remain elevated for the rest of this year. Besides, the company also rewards investors with monthly dividends. Its forward dividend yield currently stands at 6.8%.

CATEGORY

1. Bank Stocks
2. Cannabis Stocks
3. Energy Stocks
4. Investing

TICKERS GLOBAL

1. NASDAQ:HEXO (HEXO Corp.)
2. NYSE:PBA (Pembina Pipeline Corporation)
3. TSX:GSY (goeasy Ltd.)
4. TSX:HEXO (HEXO Corp.)
5. TSX:PPL (Pembina Pipeline Corporation)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred

5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Bank Stocks
2. Cannabis Stocks
3. Energy Stocks
4. Investing

Date

2025/08/16

Date Created

2021/04/20

Author

manjapla

default watermark

default watermark