2 Top TSX Growth Stocks With Lots to Gain

Description

Below are two top **TSX** growth stocks that have lots to gain and little to lose for investments. They have demonstrated their ability to grow at an above-average pace. By combining this characteristic with their attractive valuations today, investors should generate extraordinary returns across the three growth stocks over the next five years.

Brookfield Asset Management

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM) has an extensive, century-long experience in investing in real assets as owners and operators.

Over the years, the alternative asset manager has increased its assets under management (AUM) to US$600 billion. More than half of its AUM is fee-bearing capital that led to a 19% year-over-year increase in 2020's fee-related earnings.

Moreover, investors benefit from BAM's value-investing mindset and operational expertise, which have historically led to long-term rates of returns of about 12-15%.

With assets across more than 30 countries in real estate, renewable power, infrastructure, private equity, and credit, the TSX stock is a very diversified business. So, it's all right for investors to be overweight in the stock by buying at the right price.

At US$45.33 per share, there's little downside for the stock. The most bearish analyst expects about 1% downside, while the average target suggests 20% upside potential over the next 12 months. In other words, the growth stock is undervalued and worthy of purchase at the current quotation.

BAM has increased its dividend every year since 2012 with a growth rate of about 9% per year. Its recent payout ratio is only about 15% of cash flow, as the company is reinvesting much of it for long-term growth!

The TSX growth stock only yields 1.1%, but its long-term growth potential is outstanding for a safe, large-cap stock that has a solid balance sheet. It’s awarded an S&P credit rating of A-.

Cargojet

Cargojet (TSX:CJT) is a time-sensitive overnight air cargo services provider that has a monopoly in Canada and will continue to benefit from the e-commerce trend. Additionally, its commitment to on-time reliable and safe delivery and aim to exceed customer expectations make it the go-to name for overnight air cargo services.

No wonder it was able to expand its relationship with internet retailing leaders like **Amazon**. Specifically, under the arrangement, Cargojet will operate two Amazon-owned aircraft on a CMI basis within Canada starting mid-2021. The agreement has a four-year term with three successive two-year renewal options. Under the CMI lease, Cargojet provides the crew, maintenance, and insurance.

After a meaningful 28% correction to lower levels, the TSX growth stock has been grinding steadily upwards. Currently, at about $179 per share at writing, it trades at a compelling valuation with no downside risk.

Specifically, the most bearish analyst thinks CJT stock is undervalued by 10%. According to the consensus target, the growth stock is even more attractive with a 30% margin of safety and 44% upside potential over the next 12 months!

The Foolish takeaway

Brookfield Asset Management and Cargojet are two TSX growth stocks that have outperformed the stock market returns whenever investors buy them at good valuations for long-term investment.

Now is a good time to buy some shares for outperformance. That said, market volatility could result in better prices in the future. So, consider buying more shares for long-term investment on corrections!

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2. TSX:BN (Brookfield)
3. TSX:CJT (Cargojet Inc.)

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Date
2025/07/07
Date Created
2021/04/26
Author
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