3 TSX Stocks That Could Return 300% in the Next 3 Years

Description

“Growth stock” is an oversimplified term. Many beginner investors start by thinking that there is just one type of growth stock or, more accurately, one type of growth stock experience — i.e., gradual growth over a long period of time. But that’s not the case. Many growth stocks are cyclical; they rise and fall, often unpredictably. Some growth stocks rapidly grow due to a catalyst or a specific market condition.

Few stocks grow consistently over the years at a stable enough pace for their growth to be considered reliable or predictable. They are the easiest to understand and are often overpriced, and if you limit yourself to just these predictable growth stocks, you would significantly reduce the size of the asset pool you can draw from.

A mining company

Capstone Mining (TSX:CS) is a Vancouver-based copper mining company that has grown 400% in the last 12 months. It’s not a sustainable pace, and the stock is already showing signs of slowing down, but the valuation is still quite attractive. The price-to-earnings ratio is 10.1, and the price-to-book ratio is 1.9.

The valuation seems relatively detached from the growth spurt, so there is a small chance that the company might keep up the growth pace for some time now.

Even it can keep growing at the same pace (or slightly slower pace), the stock might triple your investment in the next three years. The company has almost no debt, and the revenues are growing almost in sync with the stock. With a few more quarters like the recent one, the stock might keep growing at its current pace.

A financial company

goeasy (TSX:GSY) has returned about 286% in the last three years. A lot of it was the post-pandemic growth momentum, which the company is still riding, but goeasy was a trustworthy growth stock well before the pandemic hit. It is the consistent, reliable growth stock that has proven its growth potential in the last decade.

goeasy is also a Dividend Aristocrat and has grown its dividend at an even more impressive rate than its capital growth. However, thanks to its growth rate, the yield is 1.5%. The company is trading at a relatively fair price (if you consider the price-to-earnings ratio of 13.1), making it a great buy.

It has an enticing business model, and it's tapped into a powerful market segment where there are relatively few players of its magnitudes. And it's a stock you might consider holding onto for more than just three years, even if you get the 300% growth you were expecting.

A tech company

If you are looking for explosive potential, **Lightspeed** (TSX:LSPD)(NYSE:LSPD) might be more your alley. The junior **Shopify** has all the makings of a great e-commerce player, especially in the SMB segment of the corporate landscape. It has grown over 188% in the last 12 months, and if it keeps this pace up, the company can offer 300% growth in fewer than three years.

As an e-commerce company, Lightspeed still has a lot of markets to cover. It's already present in 100 different countries, each with its own e-commerce adaption pace. And if the company breaks big in even one of these hundred markets and becomes a household name in the local e-commerce industry, its revenues, profits, and, consequently, capital growth would be quite exceptional.

Foolish takeaway

All three companies have the potential to grow your capital by 300% in the next three years, but there is a significant gap between the potential and possibility. But at least two of the companies, goeasy and Lightspeed, might experience accelerated growth and, overall, increase by more than 300% in that time frame, so it's likely to average out fine, even if one company doesn't reach the requisite growth pace.

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