2 Best Canadian Stocks With Room to Grow

Description

The onset of COVID-19 in 2020 led to significant volatility in the stock market as the broader market declined in February and March 2020. The stock market began to recover as the panic-induced sell-off frenzy wore off, and many Canadian stocks rose to pre-pandemic prices. Some publicly traded companies reached new highs as they led the rally.

The **S&P/TSX Composite Index** managed to consistently hit new all-time highs for most of 2021, making it seem impossible to find high-quality growth stocks that could deliver stellar shareholder returns. However, the index has dipped by 1.65% between August 11 and August 19, 2021.

Picking growth stocks in the current market conditions might not be easy, but it is not impossible to find good opportunities right now. Today, I will discuss two of the best Canadian stocks with plenty of room to grow.

WELL Health Technologies

WELL Health Technologies (TSX:WELL) became a publicly traded company in April 2016, and by January 2020, its share price grew by over 1,300%. At writing, the stock is trading for $7.37 per share, and it is up by a massive 6,600% from its initial public offering (IPO) five years ago. The company's stellar growth was fuelled by favourable industry conditions created by the pandemic and its strategic acquisitions over the years.

The pandemic created significant tailwinds for the telehealth industry, and WELL Health Technologies was well-positioned to capitalize on the growing popularity of the industry. The momentum in its business has remained strong as the telehealth company saw its revenues through virtual services increase by over 430% in its most recent quarter.

The growing demand for telehealth services and its acquisition-based growth could provide it with much more room to grow in the coming years.

Cineplex

Cineplex (TSX:CGX) is a media and entertainment company that saw its revenues tank due to the pandemic. Unlike most sectors of the economy, the cinema giant could not recover from the sell-off frenzy as the demand for its services virtually dropped to zero within weeks. The ongoing vaccine rollout, easing pandemic restrictions, and rising consumer demand have finally allowed the company to offset its losses from 2020.

As the pandemic continues to subside, the company can continue to enjoy substantial returns from its theatres and entertainment venues. Cineplex is expected to benefit from increased foot traffic and a robust film release schedule as the world slowly shifts to a post-pandemic era.

At writing, Cineplex stock is trading for $12.45 per share. The stock is down by over 60% from its pre-pandemic valuation and now could be the right time to buy its shares at a discount.

Foolish takeaway

The increasing vaccine rollout, rebound in consumer demand, and continued economic expansion seems to be proceeding without much of a difference created by Delta variant fears. Given the current operating environment, WELL Health Technologies stock and Cineplex stock could deliver strong returns in the future.

Like any growth stock, these two assets come with their risks. Provided that you have the risk tolerance to bear possible short-term difficulties, these two stocks could be worth adding to your investment portfolio.

CATEGORY

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2. TSX:WELL (WELL Health Technologies Corp.)

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