



3 Top Stocks With 10X Potential

Description

Depending on how aggressively you invest, those interested in beating the market by a wide margin should look for companies with 10 times potential. It goes without saying that asking a stock to return 10 times your initial investment is very difficult to see through. However, there are certain companies that could pull off the feat. In this article, I discuss three top stocks with 10 times potential.

A 250% return less than a year after IPO

Nuvei ([TSX:NVEI](#)) has been an amazing performer since its initial public offering (IPO). On its first day of trading, the company made history when it closed the [largest Canadian tech IPO](#) of all time. This means Nuvei managed to raise more money on its opening day than popular growth stocks like **Constellation Software**, **Lightspeed**, and **Shopify**. Since then, it seems as though Nuvei stock has just continued to climb. Since its IPO last September, Nuvei stock has gained about 250%.

That means if you had invested in Nuvei's IPO, you would already be a quarter of the way to seeing a 10 times return. At a market cap of about \$23.5 billion, Nuvei still has a lot of room to grow in the coming years. One thing that may help Nuvei achieve the lofty 10 times goal is the fact that it operates within the digital payments industry. The rise of related industries like e-commerce could push companies like Nuvei forward. If you're looking for a potential 10 times return from a **TSX**-listed stock, Nuvei would be my top pick.

Learning from a company that has produced 10 times returns

One thing that could help a company produce a 10 times return is to learn firsthand from a company that has managed to do that. **Topicus.com** ([TSXV:TOI](#)) finds itself in that very unique opportunity. Until last February, Topicus was a subsidiary of Constellation Software. If you're investing in Canadian companies, there's no doubt that you would've heard about its former parent company. Like Constellation, Topicus is an acquirer of VMS companies. Because the businesses of these two companies are so similar, Topicus will be able to directly apply some of the lessons it learns from Constellation.

Since its IPO, Topicus stock has already managed to return about 100%. Yet, the stock is only valued at around \$5 billion. A 10 times return from here would place the company at a size of \$50 billion. Although that would place the company at a larger valuation than the current Constellation Software, it's certainly not out of the realm of possibility. With massive backing helping propel Topicus forward and an industry ripe for acquisition, this company has a solid chance of producing massive returns.

Be aware of the law of large numbers

The law of large numbers in a financial sense states that a company will not be able to sustain high growth rates as it gets larger. Therefore, investors have the best chance of seeing high returns from smaller companies as those businesses with a lengthier growth runway to work with. However, it's important that investors choose smaller companies with a strong business outlook. I feel like that describes **Goodfood Market** ([TSX:FOOD](#)) very well.

The company operates in the online grocery and meal-kit industry. Before the pandemic, it already claimed about 40% of the Canadian meal-kit industry. With the widespread business closures and lockdown restrictions pushing Goodfood's business forward last year, investors are more eager than ever to invest in this company.

While this is certainly a different take on the rapidly growing e-commerce industry, there's no doubt that groceries are an essential part of life. Goodfood is at the [forefront of innovation](#) in that industry.

CATEGORY

1. Investing
2. Tech Stocks

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2. TSX:NVEI (Nuvei Corporation)
3. TSXV:TOI (Topicus.Com Inc.)

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jedlloren

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