3 Monster Stocks in the Making to Buy Right Now

Description

The law of large numbers states that a company cannot sustain its growth rate as it gets larger. Therefore, investors should focus on smaller companies if they seek to achieve the greatest returns possible. In addition, if investors can find small-cap stocks that have the potential to become the next stock market monsters, they could generate life-changing wealth. In this article, I'll discuss three top stocks that appear to be monsters in the making.

This could be the next Constellation Software

If you had gotten in during **Constellation Software's** IPO, you could be coasting towards a very comfortable retirement. In fact, since October 2007, Constellation Software stock has generated a total return of 10,733%. This equates to an average annual return of 40% and would have turned a $10,000 investment into more than $1,080,000. However, there's no need to be upset about missing this exciting opportunity. **Topicus.com** (TSXV:TOI) has been touted as the next Constellation Software.

There are many reasons that investors have so much to like about the company. For starters, it was a subsidiary of Constellation Software until this past February, when it was spun off into its own company. Although it now operates as its own entity, Topicus still benefits from Constellation's experienced leadership group. Six members of its board of directors are executives from Constellation. Since its IPO in February, Topicus stock has gained 111%. With a market cap of $5.3 billion, this stock still has so much room to grow.

This industry will be much more prominent in the future

Over the course of the pandemic, we have seen a massive surge in the penetration of the telehealth industry. This makes a lot of sense, as many Canadians needed to find ways of seeking personal health care from the comfort of their homes. As a result, companies like **WELL Health Technologies** (TSX:WELL) have seen massive growth in its stock price. WELL Health saw its stock gain 413% in 2020. This year, its stock has gained about 1%. But there's still so much to like about this "small" $2 billion company.

Through several acquisitions, WELL Health has managed to penetrate the massive American healthcare industry. Its CEO Hamed Shahbazi has extensive experience in mergers and acquisitions, which should help WELL Health to continue executing according to that game plan. With 76 primary health clinics and more than 2,800 additional clinics on its EMR Network, WELL Health is well positioned for the future. With the telehealth industry expected to grow at a CAGR of 26.5% from 2021 to 2026, WELL Health could be much larger down the road.

Benefitting from the growth of e-commerce

The smallest company in this article, **Goodfood Market** (TSX:FOOD) had a tremendous year in 2020. The company saw its stock rise 285% over the course of the year. Giving investors an opportunity to invest in the rapidly emerging e-commerce industry from a different perspective, Goodfood's growth profile is very intriguing. The company claims an estimated 40-45% of the Canadian meal kit industry and aims to increase its market share with more products in the future.

As of this writing, Goodfood is valued at $737 million. At that valuation, investors could see massive gains. However, prudent investors would continue watching the company to see if its growth rates are sustainable as we exit the pandemic.

CATEGORY

1. Investing

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2. TSX:WELL (WELL Health Technologies Corp.)
3. TSXV:TOI (Topicus.Com Inc.)

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