2 Canadian Stocks That Could Return 100% by 2023

Description

Investing in growth stocks has taken a back seat in 2022 amid all the uncertainty caused by weakness in global financial markets. The **S&P/TSX Composite High Dividend Index** has outperformed the **S&P/TSX Composite Index** by a substantial margin this year. The trend implies that dividend stocks have performed much better than the broader equity market.

Inflation is near multi-decade highs right now, and the Bank of Canada (BoC) has started introducing interest rate hikes to cool it down. Higher interest rates can bring inflation down a notch. Unfortunately, the results take a long time to make a significant dent. Investing in growth stocks appears to be an unwise move in the eyes of many investors between high interest rates and historically high inflation.

Focusing your capital allocation on dividend stocks that can continue to provide you with reliable cash distributions would be the more practical way to go. But what if you could invest in dividend-paying stocks that also offer shareholder dividends?

Today, I will discuss two Canadian stocks with the potential to deliver 100% returns by 2023 while paying you reliable shareholder dividends.

ARC Resources

ARC Resources (TSX:ARX) is a $13.41 billion market capitalization independent energy company headquartered in Calgary. The company is involved in the acquisition, exploration, development, and production of oil and natural gas in Western Canada. Its conventional oil operations generate light, medium, and heavy crude, natural gas, and natural gas liquids.

ARC Resources stock trades for $19.63 per share at writing, and it boasts a 2.45% dividend yield. Oil prices are already quite high and are slated to rise further in the coming weeks. Energy producing companies have been generating substantial free cash flows due to the strength in energy demand. ARC Resources stock could be an excellent growth stock, provided that oil prices remain strong.

Sylogist

Sylogist (TSX:SYZ) is a $195.46 million market capitalization software company that provides enterprise resource planning solutions, including grant management, fund accounting, and payroll solutions to public service entities. The client base for its tech-based solutions comprises education, not-for-profit, and government organizations — the kind of clients that can stick around for a long time.

The company manages to capture reliable and predictable revenues through its services. Sylogist stock trades for $8.18 per share, boasting a juicy 6.11% dividend yield. The company's performance has been stellar, and it could provide substantial wealth growth through capital gains if its management successfully meets its targets.

Foolish takeaway

The rising popularity of dividend stocks has pushed valuations quite high. Many names in the high dividend yield index may be overvalued or nearing that threshold. However, not all dividend stocks hitting new all-time highs warrant being treated as high-risk assets.

It is important to understand and identify high-quality companies that present you with attractive opportunities. Provided that you can add the right companies to your portfolio, you can set yourself up with the chance to generate stellar short- and long-term returns.

ARC Resources and Sylogist are nowhere near among the more prominent names on the stock market. But that could be the very reason you can treat them as attractive growth opportunities.

Stock market investing is inherently risky, and growth stocks entail a greater degree of capital risk. If you can stomach the possibility of near-term losses for the potential of significant returns, it might be worth adding these two stocks to your investment portfolio.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:ARX (ARC Resources Ltd.)
2. TSX:SYZ (Sylogist Ltd.)

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