



## Growth Investors: Don't Miss Out on These Potential Superstars

### Description

I can't think of an investor alive who doesn't want to find a company like **Wal-Mart** in 1971, **Microsoft** in 1986, or **Amazon.com** in 1997.

There's just one problem: finding something like that is akin to finding a needle in a haystack. Sure, such opportunities exist; they're just few and far between.

There's no way to accurately identify those kinds of growth opportunities beforehand, either. There was just no way to predict just how big each of those success stories would end up.

This is why I think growth investors should cast a wider net. Find the kinds of companies with huge potential and throw a little money at each. If just one explodes 10 or 20 times higher over the course of a decade or two, that's all an investor needs to really make a difference.

Here are three such stocks in the Canadian market today.

### Shopify

Amazon gets all the attention in the online retail space, but I firmly believe **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)) has greater potential today.

Shopify doesn't actually sell anything. It assists businesses in getting their products online, helping everyone from mom-and-pop vendors with building professional-looking websites to huge brands with millions to spend with marketing themselves online. It also helps with inventory control and getting products listed with Amazon, **eBay**, or **Etsy**.

The company's revenue growth has been nothing short of amazing. In 2013, it did just over US\$50 million in sales. Just three years later, in 2016, the top line was nearly eight times higher at US\$389 million.

There are an untold number of small businesses that could benefit by getting their product on the web. Shopify is the easy way for them to get there.

In other words, the party might just be getting started.

## **Goeasy**

**Goeasy Ltd.** ([TSX:GSY](#)) has transformed itself from a rent-to-own furniture and electronics retailer into Canada's dominant provider of small loans to folks with bruised credit.

The company's loans aren't cheap. Customers pay more than 46% annually to borrow small amounts, usually nothing more than a couple thousand dollars. It's still much cheaper than a Payday loan, which charges 15% or 20% over just a couple of weeks.

Goeasy has increased its top line from \$219 million in 2013 to \$348 million in 2016 with profits more than doubling in the same period. Analysts predict strong growth will continue with the top line increasing 12% in 2017 and an additional 14% in 2018.

Despite the growth, Goeasy is reasonably priced today. Shares trade hands at just 15.2 times trailing earnings and an amazing 11.7 times projected 2017 earnings. It isn't often investors can find that kind of valuation combined with organic growth potential. Shares also pay a 2.1% yield.

## **Dollarama**

After a nearly a decade of furious growth after its 2009 IPO, **Dollarama Inc.** ([TSX:DOL](#)) has approximately 1,100 stores in Canada. You'd think that would be enough, but there's still plenty of potential left.

The company recently announced it would like to open 1,700 stores in Canada — up from a previous target of 1,400. No time frame was announced, but it has been opening around 75 new locations a year over the last couple of years.

Dollarama isn't likely to just stop at the Canadian border. It signed an agreement with a Central American dollar store chain called Dollar City in 2013 which stated it would help the smaller retailer with merchandising and sourcing product. Included in that agreement was an option to buy the entire chain. Most analysts predict that it's only a matter of time before it acquires Dollar City.

In 2016, Dollarama increased sales by 13.7% on a year-over-year basis. It doesn't look like that growth is going to slow down anytime soon.

## **The bottom line**

There's no accurate way to predict which growth stock will truly make or break your portfolio. All an investor can do is buy interesting growth stories and hope for the best.

Shopify, Goeasy, and Dollarama are all such opportunities today. They're certainly worth the gamble.

## **CATEGORY**

1. Dividend Stocks
2. Investing
3. Tech Stocks

## TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:DOL (Dollarama Inc.)
3. TSX:GSY (goeasy Ltd.)
4. TSX:SHOP (Shopify Inc.)

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