3 Growth Stocks That Don’t Cost a Fortune

Description

If you’re investing in a growth stock, you’re generally going to be paying a premium to own it. However, that doesn’t mean that you have to pay obscene amounts of money for it. Stocks like **Amazon.com, Inc.** and **Netflix, Inc.** have achieved significant growth over the years, but at multiples of over 200 times earnings, investors are paying a big premium to own a piece of the tech giants.

Granted, investors who have put their money into these stocks have likely done very well, paying such high premiums puts investors at risk of a correction at some point. By looking for both value and growth, you can give yourself good odds for success while also minimizing your overall risk.

Below are three stocks that have achieved significant growth over the years and that are still good value buys today.

Alimentation Couche-Tard Inc. (TSX:ATD.B) has been in acquisition mode lately as the company looks to build on its strong market share in many parts of the world. In its most recent quarter, sales for Couche-Tard were up more than 41%, and since 2014 its profits have more than doubled.

With the company generating over $1 billion in free cash flow, Couche-Tard has the capability to continue to acquire more companies and continue to grow in size. Over the past five years, its share price has risen 200% and produced strong returns for investors while also paying a modest dividend.

For all the growth that Couche-Tard has achieved and its future potential, the stock only trades at 16 times its earnings. Generally, when you’re looking at strong growth stocks, you’d expect to pay a multiple north of 30, and so anything less is generally good value for your money.

Algonquin Power & Utilities Corp. (TSX:AQN)(NYSE:AQN) provides various sources of electricity to its customers, including wind and solar, and consumers are only going to demand cleaner and more environmentally-friendly sources of energy in the years to come.

Algonquin has already achieved considerable growth thus far, as sales have more than doubled in just four years, while earnings during that period have shot up more than 700%. If that weren’t enough of a reason to invest in the company, consider that Algonquin also pays a growing dividend of nearly 5%

per year. The stock offers many ways for investors to earn a great return.

At a multiple of more than 25 times earnings, Algonquin is a bit more expensive than Couche-Tard, but is still a relatively inexpensive buy given its growth potential.

Brookfield Asset Management Inc. (TSX:BAM.A)(NYSE:BAM) stock has grown by more than 130% over the past five years, as it too has generated strong sales growth over the years with its top line nearly doubling since 2013. With many types of assets that the company manages spread across various parts of the world, Brookfield has many opportunities for continued growth, both organically and via acquisitions.

The stock is a surprisingly cheap option for investors, with a price-to-earnings multiple of just 16 and trading at only 1.7 times its book value.

CATEGORY

1. Investing

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2. NYSE:BN (Brookfield Corporation)
3. TSX:AQN (Algonquin Power & Utilities Corp.)
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