



About to Buy Penny Stocks? Look at These 2 Growth Stocks 1st

Description

Penny stocks are those stocks that are priced at less than \$1 but that can be as high as \$5. They have low liquidity and often trade on the over-the-counter market. These shares are highly speculative.

Clearly, the idea behind investing in these stocks is that the potential return that investors can achieve is astronomical and therefore highly appealing. But the odds of a penny stock actually making it are extremely slim.

If you are an investor considering investing in penny stocks, have a look at the following two [growth stocks](#) that have strong growth profiles and a good chance of providing investors with [massive returns](#) in the next few years without as much risk as a penny stock.

Ballard Power Systems ([TSX:BLDP](#))([NASDAQ:BLDP](#))

Ballard is in possession of game-changing fuel cell technology which is gaining traction and interest around the world; most importantly, it's gaining outside investment and increasing orders.

Although Ballard is still generating losses, hence the elevated risk profile of the stock, the company's relatively strong balance sheet and its recent and continued successes mitigate this risk and provide measurable progress toward breaking even and sustaining profitability.

There was an announcement last week that Chinese automotive and equipment manufacturer Weichai Power's purchased a 19.9% stake in Ballard. There was also news of the increase in existing shareholder Broad-Ocean Motor Co. Ltd.'s investment in order to maintain its ownership of 9.9%.

All this will result in a total cash injection to Ballard of approximately \$180 million, strengthening its cash position for future growth.

Fuel cells continue to gain traction not only in China, but in all corners of Europe, the United States, and Canada.

Ballard stock is not for every investor, but it is certainly for those who are considering penny stocks. It

is a high growth, well-capitalized company that has increasing momentum on its side as it continues to make progress building its business.

Indigo Books and Music ([TSX:IDG](#))

This company is similar to Ballard in that it has also been operating at a loss and has high growth potential, which has been augmented by its upcoming U.S. expansion. It also has a strong balance sheet with minimal debt.

Indigo is coming off of a period of strong same-store sales growth and expansion, which seems to have slowed a bit in the latest quarter, but the story has only just begun.

The CEO has said that the goal is to position Indigo as the department store of the future, and given the shake-up in the Canadian retail industry, we can see that there is demand for something different.

With newly renovated stores continuing to deliver double-digit same-store sales growth and continued strong online growth, the company is capturing market share at a feverish pace.

And while the U.S. expansion certainly places a higher risk qualifier on the stock, it also means higher growth potential.

Conclusion

Investors remain skeptical regarding both the growth stocks discussed here, but I believe they are good bets for investors looking for higher-risk/higher-return stocks.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:BLDP (Ballard Power Systems Inc.)
2. TSX:BLDP (Ballard Power Systems Inc.)
3. TSX:IDG (Indigo Books & Music)

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