A Top Growth and Dividend Stock to Buy Right Now

Description

Sometimes off the beaten path is the best way to find value in the market. This is especially true when the market has enjoyed years of bullish activity.

It's a great feeling when you find a stock that is under-followed and as a result, is undervalued. It allows you to scoop up shares at great valuations. So long as the fundamentals are strong, the market will eventually catch-on and you can cash in.

One such stock, is **goeasy** (TSX:GSY). If you're an active reader of my articles, you'll be familiar with this diamond in the rough. As a general rule of thumb, there are three types of stocks; income, growth and value. This financial services company fits all three.

On Wednesday, the company posted another impressive quarter.

Third-quarter results

Before the second quarter, the company increased year-end and future guidance. At the time, it was a great buying opportunity as analysts had yet to revise estimates. I even made it my top pick for the month of August. Analysts still haven't caught up. Third quarter results once again beat expectations.

Goeasy posted third quarter diluted earnings of $0.97 per share on revenue of $130 million. On average, analysts we expecting earnings of $0.94 per share and revenue of $100.94 million. This is a 30% plus beat on the top line.

The company's growth strategy is paying significant dividends. Thanks to its increasing scale, the company posted record quarterly operating income, margins, net income, earnings per share and return on equity.

Performance

Given its smaller stature, goeasy's share price tends to be a little more volatile than stocks with a large capitalization. Don't fret: it's one of the Index's top performers. Despite trading 17% below its 52-week high, goeasy's share price has still gained 21% year to date.

Looking further back, it has a two-year return of 84% and its five-year compound annual growth rate (CAGR) is 43%. Outside the tech sector, this type of growth is almost unheard of.

Income investors will also appreciate the company's rising dividend. The company currently yields around 2% and it has a four-year dividend growth streak. A streak that has a dividend growth CAGR of 41%!

Valuation

Despite double-digit share price appreciation, the company is still undervalued. The company is trading at a forward price-to-earnings (P/E) ratio of only 10.26. It's therefore not surprising that its P/E to growth (PEG) ratio remains depressed at 0.36.

This means that its share price is significantly lagging behind its expected growth rates. You'd be hard pressed to find a cheaper stock based on expected growth rates.

Foolish Takeaway

The company's record quarter proved once again why it is a must-own for investors. It has a place in your value, income or growth portfolio. Goeasy is a buy.

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