



## 2 Growth Stocks to Steer Clear of (and 1 Winner)

### Description

Unless you've been hiding under a rock for the past decade you'll know that it's been growth stocks that have been vastly outperforming the value style of investing.

While historically, value stocks have tended to outperform markets over the long-term the last 10 years or so have seen a rise in the popularity of momentum investing, technology stocks and the benefits of rock bottom interest rates.

But alas, all good things must come to an end – or at least, so we think.

In this post, we'll look at two companies whose growth over the next 10 years may not be up to par with their last 10, and another company that very quietly, just became the largest company in Canada.

Granted, **Shopify Inc** ([TSX:SHOP](#))([NYSE:SHOP](#)) is a stock that I do not own now nor have I ever owned at any point in the past.

Maybe that's something that I should be kicking myself about, as the SHOP stock has done nothing but soar to new heights since its IPO in 2015, generating more than 1,000% in gains over the process.

So maybe I'm [not actually the best person to be asking about SHOP stock](#), but besides a vigorous short-selling attack against the company last year, I did see recently that U.S.-based technology and payments processing company **Square Inc** has decided to enter the fray of the online shopping world.

Square is led by Jack Dorsey, who also happens to be the co-founder and CEO of **Twitter Inc.**

Now, running two publicly traded companies, I'm sure Jack already has a lot on his hands. While I can't accurately whether Square's foray into e-commerce platforms will prove fruitful or not for the company's shareholders, the latest development would at the least make me a little bit nervous about holding SHOP stock for the time being.

**Canadian Western Bank** ([TSX:CWB](#)) is one of Canada's leading alternative lenders and because of that it's arguably a company that is much easier to wrap your head around compared to rapidly growing

and disruptive technology companies like Shopify and Square (at least it is for me).

CWB in recent years has made bold strides in expanding its presence beyond the Western regional market, which should help broaden the bank's exposures and somewhat limit the risk of being overly concentrated in one particular geography, but it also cost the bank a pretty penny.

CWB has almost doubled its debt in the past four years and has really been ramping up its leverage as it has continued to expand its balance sheet through several large acquisitions.

Long-term I have a lot of confidence that the acquisitions will pay off for the company and its shareholders, but in the meantime, I have to wonder whether things may have to get worse before they get better.

Some readers may be more familiar with **Alimentation Couche-Tard Inc Class B** (TSX:ATD.B) by the names of some of the companies convenience store outlets.

In addition to its namesake brand, Couche-Tard is also responsible for managing and operating the popular Mac's and Circle K brand of convenience stores in Canada, in addition to the running its Circle K operations down in the U.S. in addition to Kangaroo Express as well as operations in several other international markets.

And as Couche-Tard has continued to grow its top line, investors have continued to gobble up the company's common shares like snacks at a late-night convenience store.

Stock in Couche-Tard is up well over the double digits already this year and more than 1100% since the start of the decade.

Even though its shares don't pay much of a dividend, yielding only 0.64% at present, this is a simple, reliable business model that the company has been able to execute on and in the process, expand its market share.

## Foolish bottom line

Shopify and CWB are great in their own respects. I just think that currently, with valuations once again reaching extended levels the simplicity of Couche-Tard's business affords its own unique advantages, particularly as we *head* into the [summer holiday](#) vacation season.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:CWB (Canadian Western Bank)
3. TSX:SHOP (Shopify Inc.)

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