



## 4 Powerful Growth Stocks for Short-Term Money Gains

### Description

Investment is a long-term game; there is no doubt about it. Like the Oracle of Omaha says: “If you aren’t thinking about owning a stock for 10 years, don’t even think about owning it for 10 minutes.”

This is all well and good when you are investing for retirement. If you are slowly building wealth through compounding, and you have time on your side, then conservative investment techniques usually give you the best chances of success.

But you may have short-term investment goals. You may want to buy a good car, renovate your property, or plan a family vacation abroad in five years. Can’t investing help you with that? Of course it can, but the short-term prize comes with a catch.

When you invest in growth stocks, it’s better to have a higher level of tolerance for risk. But you can mitigate this risk considerably by diversification and picking good stocks.

For this example, let’s say I have allocated \$20,000 for a short-term investments. I only have five years to grow my investments as much as I can, but I also want sufficient diversification and safety of my capital. So, I’ve picked four stocks (I’ll be putting \$5,000 in each one of them) and see where it may go in five years.

### A mining company

**Ivanhoe Mining** ([TSX:IVN](#)) is an African-focused mining company with one full and three partial stakes in four major mines in the African continent. The company mines copper, zinc, silver, and platinum. In terms of market value, Ivanhoe is has fallen too far from its former grandeur. It traded in the mid-20s by 2012. Now, the stock price is well under \$5 (\$3.98 per share at the time of writing).

But the company is showing signs of coming back. The stock has been steadily climbing, and in the past five years, the company has shown a compound annual growth rate (CAGR) of 29%. So, if the company keeps up the same pace, \$5,000 today will be worth \$17,861 in five years. The stock is volatile, with a beta of 2.95.

## A fuel cell company

**Ballard Power Systems** ([TSX:BLDP](#))([NASDAQ:BLDP](#)) makes customized fuel cells for vehicles. The company is focused on providing zero-emission solutions to the automotive industry for a cleaner and sustainable future. This product orientation is very future-centric, especially seeing as how more automotive companies are switching towards electric vehicles.

The company is currently trading at \$13.55 per share. This represents a CAGR of 45.6% in the past five years. So, \$5,000 today will (hopefully) grow to \$32,717 in five years, provided that the company keeps up the same pace of growth. The company's beta is 2.63, which shows that despite being a more aggressive grower, it's relatively less volatile than Ivanhoe mining.

## A convenience store company

**Alimentation Couche-Tard** (TSX:ATD.B) is in the stable business of convenience stores. The company has a spread-out portfolio of about 9,815 stores in North America and over 2,700 stores in Europe. A subsidiary (Circle K), operates over 2,200 stores in 16 other countries. This degree of diversification and recession-proof business model makes the company [a very dependable investment](#). It has a beta of negative 0.11.

Despite the steady nature of its business, the market value of the company has risen by over 95% in the past five years, equating to a CAGR of 14.33% in the same period. This is likely to convert a \$5,000 investment into \$9,767 in the next five years. The company is also a long-standing Dividend Aristocrat and has increased its payouts for 10 consecutive years.

## A banking giant

**Toronto-Dominion** is the second-largest bank in the country as well as one of the fastest-growing ones. The bank offers the stability of the [country's banking sector](#), stable growth as well as a dependable dividend stream. If we consider a CAGR of 11%, a sum of \$5,000 in TD can be expected to grow to \$8,425 in five years, with the added bonus of \$1,000 in dividends.

## Foolish takeaway

Combined, the four companies may get you a return of about \$70,000 in five years. That's 3.5 times your initial capital. Even if the companies severely underperform and only convert your capital to \$35,000, that is still more than you might earn with an outrageous dividend yield of 8% in the same period.

This is just an example of how growth stocks can help you finance your short-term goals through

growth investment. There is no denying the risk, but it might just be worth the price.

## CATEGORY

1. Bank Stocks
2. Dividend Stocks
3. Investing
4. Metals and Mining Stocks

## TICKERS GLOBAL

1. NASDAQ:BLDP (Ballard Power Systems Inc.)
2. TSX:BLDP (Ballard Power Systems Inc.)
3. TSX:IVN (Ivanhoe Mines Ltd.)

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