

2 Growth Stocks to Buy Right Now

Description

It's a perfect time to buy growth stocks. These investments are usually priced at a premium, but that's the cost of buying a company that can compound shareholder capital quickly. Due to the <u>coronavirus</u>, many of these stocks are now priced at a discount.

The recent recovery eliminated many opportunities, but some of the best options are still available, likely for a limited time.

Despite trading at bargain prices, the growth stocks below retain incredible business models that will grow immensely in value over time. Peter Lynch, a legend when it comes to growth investing, suggests that now is the time to strike.

"The trick is not to learn to trust your gut feelings, but rather to discipline yourself to ignore them," he wrote in *One Up On Wall Street*. "Stand by your stocks as long as the fundamental story of the company hasn't changed."

The valuations are much lower for the companies below, yet the fundamentals stories haven't changed.

Bet on population growth

Global populations are rising fast.

In 1900, there were 1.6 billion people on earth. By 2000, that figure ballooned to six billion. By the end of this decade, we'll surpass 8.5 billion. The United Nations believes this trend will persist until at least 2100, when the global figure will be above 11 billion.

If you want to profit from this population explosion, buy a growth stock like **Brookfield Infrastructure Partners** (TSX:BIP.UN)(NYSE:BIP).

Brookfield owns assets that directly benefit from higher numbers of humans. Examples include cell towers, data centres, natural gas pipelines, wind farms, seaports, highways, and more. As populations

grow, demand for these assets rises.

Over the past decade, Brookfield stock has risen by 400% versus a 35% rise for the **S&P/TSX Composite Index**. The coronavirus has created an attractive entry point, even though this growth opportunity will persist for decades to come.

The ultimate growth stock

Constellation Software (<u>TSX:CSU</u>) is a growth investor's dream. In 2006, shares were priced at \$18. Today, they're above \$1,500. That's an 8,200% return in just 14 years!

Few investments produce this much growth so quickly. What's the secret?

Unlike most growth stocks, Constellation operates under the radar. There's a good chance you've never used *any* of its products. That's because they serve niche industries, like pharmaceutical manufacturing and timber logistics.

By going niche, Constellation reduces competition. Oftentimes, its customers don't have a competing product to switch to. That improves customer retention and boosts pricing power.

To build its product portfolio, the company relies on acquisitions. This has been the major driver of growth since its founding. But others have caught onto its success. To maintain secrecy, and reduce competing bids, the company includes very little information on its website. Management doesn't even conduct quarterly conference calls.

These efforts keep growth rates high but also create a lack of awareness for this incredible stock. Shares trade at 70 times earnings, which isn't cheap, but also isn't reflective of a business growing profits at 20% per year with returns on invested capital above 30%.

You'll have to stomach the premium, but Constellation has proven to be the ultimate growth stock.

CATEGORY

- 1. Energy Stocks
- 2. Investing
- 3. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

- 1. NYSE:BIP (Brookfield Infrastructure Partners L.P.)
- 2. TSX:BIP.UN (Brookfield Infrastructure Partners L.P.)
- 3. TSX:CSU (Constellation Software Inc.)

PARTNER-FEEDS

- 1. Business Insider
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