2 Growth Stocks to Buy Before August

## Description

Growth stocks can compound your money quickly. When they're combined with cheap valuations, the returns can be extraordinary.

But it's hard to find growth companies trading in value territory. For this to happen, the market needs to have a fundamental misunderstanding of the company's prospects. Unearthing these gems takes more research, but the effort is often worthwhile.



If you want to buy the next top growth stock at a bargain valuations, the two picks below will get you started.

# Get 1,000% returns

**goeasy** (TSX:GSY) is a proven winner. In 2012, shares were priced at $5. By the start of 2020, they were above $80. That's a return greater than 1,000% in just eight years.

What's the secret? It's customer satisfaction and a bit of strategic thinking.

There's a good chance that you've never heard of goeasy. That's because this growth stock operates in a niche segment of the lending market: loans under $35,000. The company also specializes in meeting the needs of non-prime borrowers.

These two items — a small loan amount and less-than-stellar borrowers — combine for a gap in the market. The sums aren't big enough to attract big banks. The borrower profile, meanwhile, turns off many lenders.

Limited competition means goeasy can grow like a weed. Many of its competitors are fairly low quality, meaning borrowers don't come away with glowing reviews. goeasy, meanwhile, has a satisfaction rate close to 95%. This drives repeat borrowers and referrals, lowering its customer acquisition costs.

There's fear that consumers won't be able to pay their debts off due to the COVID-19 pandemic. This may be true for a portion of the population, but many borrowers will look to lenders like goeasy *even more*. It’s a double-sided equation, but that hasn’t stopped this growth stock from losing 25% of its value since the year began.

Right now, goeasy is rapid-growth business trading at a discounted valuation.

## Growth stocks at a value price

On the surface, **BlackBerry** (TSX:BB)(NYSE:BB) doesn’t seem like a growth company. Since mid-2012, shares have risen by a grand total of 0%. Ouch.

But that lacklustre performance has caused the market to ignore its progress. The company no longer manufacturers smartphones. Today, it’s all about cybersecurity software.

Cybersecurity is one of the hottest growth industries on the planet. Companies like **Crowdstrike Holdings** trade at 40 times sales! What about BlackBerry? It’s valuation is just three times sales. If the gap closes, this could be a 10-bagger investment.

Unbeknownst to most, BlackBerry has re-positioned itself as an attractive growth stock. Its QNX platform, for example, secures vehicles from hacking. This could be a gigantic market as we shift towards autonomous vehicles. Already, the QNX system is installed in more than 150 million cars worldwide.



But that’s not all BlackBerry has built. It has a cybersecurity solution for any connected device, big or small. Its Cylance division, which uses artificial intelligence to thwart attacks *before* they occur, is a key part of its value proposition.

BlackBerry has completed its evolution into a growth stock. Due to the market’s ignorance, it still trades at value stock multiples. Don’t expect this to last forever.

**CATEGORY**

1. Bank Stocks
2. Investing
3. Tech Stocks

**TICKERS GLOBAL**

1. NYSE:BB (BlackBerry)
2. TSX:BB (BlackBerry)
3. TSX:GSY (goeasy Ltd.)

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rvanzo