# Thinking of Buying Penny Stocks? Check Out These 3 Stocks First

### Description

There are various reasons for and against buying penny stocks. Many investors disregard them for their lack of stability and "weight," while others cherish their volatility and rapid growth potential, even when it comes with the risk of rapid devaluation.



Penny stocks certainly aren't for everyone and are usually traded over the counter (OTC). You'd be better off sticking with smaller growth stocks that trade on an exchange. Here are three of those types of stocks you should take a look at.

## A tech company

**Sangoma Technologies** (TSXV:STC), is an oversold stock. The company is currently trading at price-to-earnings of 60 times (trailing) for a price of $2.6 per share. This little $198 million stock has managed to attract a lot of investor attraction thanks to its rapid growth in the last eight months. It has already recovered from its March crash and is currently trading 7.4% higher than its value at the start of 2020.

Sangoma is technically a business communication company. It provides VoIP based communication systems, cloud-based phone systems, and phones for a virtual environment. It's a thriving market, and Sangoma already owns two world-renowned products in its particular business sphere. This has been very profitable, and the company boasts three-year returns of 248% (CAGR = 51.5%).

## A laser company

**Photon Control** (TSX:PHO) seems like a junior stock trading on the senior exchange. It's a Richmond-based company with a market capitalization of $197 million. The company is considered a leader in optical sensor design, and its client list contains some of the most prestigious and large-scale semiconductor equipment manufacturers. Two of its core products are fiber optic temperature sensor and fiber optic position sensor.

The company's balance sheet is solid enough. It has about four times more assets than its total liabilities. The return on equity increased substantially from the last quarter, and it's currently at 16.6%. While it's not a consistently growing stock, its five-year returns and CAGR are adequate enough as a whole, at 182% and 23%, respectively.

With a strong balance sheet, a dominant position within its particular niche tech, Photon control is a stock worth considering.

## An antenna company

**C-Com Satellite Systems** (TSXV:CMI) is a vehicle-mounted antenna manufacturing company. It also works on VSAT tech and mobile satellite communications. C-Com is a small company, with a total market capitalization of just $103 million.

But the company and its balance sheet appear to be in great shape. It has no debt, a cash pile of $14 million, and it has been consistently increasing its revenues for the past five years.

It pays quarterly dividends of $0.0125 per share, which translates into a yield of 1.82%. But a much better reason to buy this small-cap venture capital company is its growth potential. It has been a steady grower for the past five years and has returned 208% to its investors.



Even if we stretch back further, its 10-year CAGR comes out to 28.6%. C-Com is currently trading at $2.7 per share.

## Foolish takeaway

All three of these growth stocks can expedite your portfolio pace considerably. If we consider the 10-year CAGR of each of these stocks, just $3,000 in each stock can turn your total $9,000 investment into $128,000 in just a decade.

Even if one of the three stocks pays off and the other two tanks, the total returns might be better than investing in three slow-growing stocks.

**CATEGORY**

1. Dividend Stocks
2. Investing
3. Tech Stocks

**TICKERS GLOBAL**

1. TSX:STC (Sangoma Technologies Corporation)

**PARTNER-FEEDS**

1. Business Insider
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**Date**
2025/07/05
**Date Created**
2020/07/14
**Author**
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