



Got \$3,000? 3 Explosive Growth Stocks to Buy Now!

Description

Investing in 2020 has taught us several lessons. It has shown us the fickle nature of the stock market after the unprecedented sell-off witnessed in March 2020. The **S&P 500 Composite Index** and the **TSX** lost close to 36% in just over a month. However, soon after, investors also witnessed the strongest rebound from bear market lows over the next six months.

While it is impossible to time the market, investors should keep a long-term view when they buy stocks. If you have a large risk appetite, investing in growth stocks can offer massive upside potential and make you a fortune.

Here, we look at three such stocks that can help you generate market-beating returns in the upcoming decade.

An e-commerce giant

When it comes to Canadian growth stocks, it's difficult to ignore **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). The stock has returned over 6,000% since its initial public offering back in May 2015.

The COVID-19 pandemic has served as a tailwind for e-commerce companies and accelerated the trend towards online shopping. In the June quarter, the company increased sales by 97% year-over-year while its gross transaction volume soared by 119%.

Despite the shift to online shopping, e-commerce sales accounted for just 16% of total retail sales in the U.S. in Q2. We can see Shopify has plenty of room to increase its top-line growth in the upcoming years.

This revenue growth will help Shopify increase earnings by 700% in 2020. Further, analysts expect earnings to increase at an annual rate of 108% year-over-year in the next five years. Shopify stock is trading at a forward price to sales multiple of 51 and a price to earnings multiple of 450.

Shopify's sky-high valuation [might dissuade investors](#), but the stock should be bought on every major

correction due to its growth potential.

A defensive buy

In case you are worried about another market crash, investing in gold mining companies such as **Kirkland Lake Gold** (TSX:KGI)(NYSE:KL) makes perfect sense. Physical gold prices have risen about 30% in 2020 and the yellow metal has outperformed the equity market for over half a decade.

The outlook for companies such as Kirkland Lake seems extremely lustrous given the uncertainties surrounding the global economy as well as low-interest-rate environments. Further, the federal governments are pumping in billions to shore up the economy which will result in a weak U.S. dollar and increase demand for gold.

Kirkland is one of the largest gold mining companies [with operating assets in](#) Canada and Australia. In the first six months of 2020, the company generated \$418 million in free cash flow. It ended the June quarter with \$537 million in cash and zero debt.

An ancillary cannabis company

The third company on the list is ancillary pot stock **Innovative Industrial Properties** ([NYSE:IIPR](#)). The marijuana-focused real estate investment trust acquires, owns, and manages properties that are then leased to licensed producers in the medical marijuana space.

As marijuana is still illegal in the U.S. at the federal level, companies are unable to access traditional forms of financing. IIPR's lease-back model aims to solve this problem and the company has focused on acquisitions to grow its top-line at a stellar pace.

IIPR stock is trading at US\$131 which indicates a 610% return since its IPO in December 2016. If you are bullish on the marijuana sector, investing in ancillary companies such as IIP may help you generate enviable returns in the upcoming decade.

CATEGORY

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TICKERS GLOBAL

1. NYSE:IIPR (Innovative Industrial Properties)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:SHOP (Shopify Inc.)

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