



3 Growth Stocks to Add to Your Portfolio

Description

When you think of growth stocks, what comes to mind? Is it a small- or micro-cap stock? Is it a recent IPO? Is it a company that has plans to merge with a SPAC? These are often what most investors think of when they think of growth companies. However, investors should keep in mind that there are growth stocks that can suit many different investment styles, from the dividend investor to the large-cap investor to the small cap scout.

In this article, I will discuss three growth stocks that would suit three different investment styles. I believe all three companies have bright futures ahead.

The recent IPO and new competitor

The first example of a growth stock is the most common one that investors think of. These companies are those that are up and coming in a certain industry. **Nuvei** ([TSX:NVEI](#)) is an excellent example of this. The company offers a full stack payments solution that is available in 200 global markets. Nuvei made a quick impression when it closed as the largest tech IPO in Canadian history after its first day of trading.

Nuvei has several competitors in its space, including **Fiserv**, **Adyen**, and **PayPal**. It differentiates itself from its competitors in that the company offers in-store and unattended payment solutions in addition to its mobile and e-commerce offerings. Nuvei is still a relatively small company, with a market cap of about \$10 billion. As the digital payments space continues to grow, Nuvei will seek to [gain market share](#).

The established growth stock with a long growth runway

A second type of growth company is one that has already established itself as a major player but still possesses a long growth runway. In the United States, you can think of these as the blue-chip growth stocks like **Microsoft** and **Visa**. In Canada, I would put **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) on that list.

While the company has only been public for a little over five years, Shopify has quickly established itself as a global e-commerce enabler. Today, it ranks as the second-largest e-commerce market in the United States. Shopify recently held its [Q4 2020 earnings report](#) where the company reported an 86% growth in revenue year over year. At a market cap over \$200 billion, this company certainly doesn't belong in the same category as Nuvei. However, its growth potential is still through the roof.

The dividend company exploring new markets

Finally, dividend investors can get in on the growth as well. A company like **Bank of Nova Scotia (TSX:BNS)(NYSE:BNS)** can be classified as a growth stock in some respects. The company is a member of the Big Five Canadian banks, which hold an oligopoly in the Canadian banking industry. Because of its moat and financial stability, investors often turn to the company for its reliable dividend.

However, one aspect of Bank of Nova Scotia's business that often flies under the radar is its exposure to the Pacific Alliance countries. This Latin American region is projected by economists to grow at faster rates than North America over the coming years. It is expected that the trend will be driven by a growing middle class in the region. If this happens, then Bank of Nova Scotia could see a lot more business and push past its peers to become the largest bank in Canada.

Foolish takeaway

If you're an investor looking to add growth to your portfolio, you don't need to find companies out of your comfort zone. There are many growth companies that allow investors to stick to their investment strategies. Companies like Nuvei, Shopify, and Bank of Nova Scotia are excellent companies that belong in diversified portfolios.

CATEGORY

1. Bank Stocks
2. Investing
3. Tech Stocks

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TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:BNS (Bank Of Nova Scotia)
4. TSX:NVEI (Nuvei Corporation)
5. TSX:SHOP (Shopify Inc.)

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