3 Growth Stocks at Rock-Bottom Prices

Description

The best time to shop for growth stocks, or even dividend stocks, is usually the peak (or technically, the depth) of a market crash. That's when almost everything is at a discount, and whether you want good value or a great yield, you have several different options to choose from.

But market crashes are relatively rare, and if you keep waiting for them to happen, before you can buy growth stocks at rock-bottom prices, you will lose out on a lot of time you could've used to grow your investments. So, instead of waiting around, try and find growth stocks that are trading at a discount right now. You can get started with the following three.

A copper mining company

Turquoise Hill Resources (TSX:TRQ)(NYSE:TRQ), a Quebec-based mining company, has lived through its glory days. In the aftermath of the Great Recession, the stock crossed a valuation of $250 at its peak. The current valuation is barely one-tenth of that mark, but the stock has been growing quite steadily for the past 12 months. It has grown its market value by almost 235%, yet it's trading at a price-to-earnings ratio of 9.4 and a price-to-book ratio of just 0.4 times.

If the stock is going for its former growth spell, then buying it at its current valuation might be a smart move. The company is focused on one copper and gold mine in Mongolia, in which it owns two-thirds of the interest. The rest is owned by a state-owned company. The company is planning (and investing) in expanding this mine into one of the largest copper mines in the world.

A REIT

Summit Industrial REIT (TSX:SMU.UN) isn't trading at a rock-bottom price per se, but if you consider its recovery and former growth, the relatively "fair" price-to-earnings ratio of 11 and price-to-book ratio of 1.4 times might as well be discounted valuation. The company offers a robust 10-year CAGR of 33%, which is enough to double your capital in about three years.

As a REIT, Summit Industrial also offers a decent enough yield of 3.4%, making it a powerful source of growth as well as passive income (if you invest a substantial amount in the company). Even though it has properties in five provinces, but 80% of its portfolio is concentrated in just two: Ontario and Alberta. The REIT hasn't seen its revenues drop once in the last five years, so its financials look rock solid for the future as well.

A precious metal mining company

Precious metal mining stocks tend to shine when the market crashes and sink when it's going strong. While that's not exactly the case with **Dundee Precious Metals** (TSX:DPM), the company is trading at a discounted valuation. The price-to-earnings ratio is 6.5 and the price-to-book ratio is at 1.6 times.

The company focuses on gold and copper. It has three active mines (two in Bulgaria and one in Namibia) and one in development. The growth prospects of Dundee don't look quite promising if we look at it long-term (10 years), but the stock has had a powerful run, especially in the last three years. It has a three-year CAGR of 41.6% and can easily double your investment in the next three if it keeps growing at this pace.

Foolish takeaway

When you are choosing growth stocks, it's a good idea to set timelines to track your "expectations." Some growth stocks might have a cyclical trend — i.e., they might grow explosively for some time, dip, and repeat. If you understand the cycle, you might be able to capitalize on the short-term growth bursts. Others are better suited for as a long-term holding.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks

TICKERS GLOBAL

1. NYSE:TRQ (Turquoise Hill Resources)
2. TSX:DPM (Dundee Precious Metals Inc.)
3. TSX:SMU.UN (Summit Industrial Income REIT)
4. TSX:TRQ (Turquoise Hill Resources)

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