5 Canadian Growth Stocks That Could Make You Rich

Description

Invest and grow rich. Many people confuse savings and investments. You save for retirement, emergencies, education, or a financial goal. But you invest to generate wealth and grow rich. Your portfolio changes depending on your goals. A wealth-generation portfolio should comprise stocks focused on growth — stable growth, high-growth, and future growth prospects.

Future growth stock

Starting with future growth, you must have heard about Bitcoin and its potential to become the global currency. **Hive Blockchain Technologies** (TSXV:HIVE) is one of the oldest crypto mining companies, operating several data farms on renewable energy. The company's core business is to mine Bitcoin and Ethereum and sell it whenever it needs cash.

Hence, Hive is highly sensitive to BTC and ETH prices. Despite the crypto waves, the stock has surged 2,750% in the last five years. This means $1,000 would have become $27,500. Now, that kind of growth needs a Tax-Free Saving Account (TFSA), or you are up for some heavy tax bills.

Hive is going beyond crypto and exploring other applications of blockchain technology. That is a sign of a future growth company; it never rests and always keeps learning and exploring.

High-growth stocks

Next in line are high-growth stocks. These are the stocks whose technology has achieved mass acceptance, and the company is seeing exponential revenue and earnings growth. But beware! Many companies in this stage are unable to handle the scale of operations and perish due to wrong decisions by the management.

Dye & Durham

Dye & Durham (TSX:DND) is a high-growth stock doing well in its business of cloud-based technology solutions that improve the efficiency and productivity of legal and professional firms worldwide. The sticky nature of its solutions helps the company land long-term contracts with blue chips and governments. Its current strategy is to grow through strategic acquisitions; it's had 19 acquisitions in seven years and still counting.

Dye & Durham funds most of its acquisitions from cash in hand, equity, and debt. It aims to maintain its leverage ratio between two and 3.5 times — a comfortable debt level to service with its regular cash flow. The stock has surged over 200% since its July 2020 initial public offering (IPO). However, be wary, as the company is reviewing an acquisition offer of $50.50 per share it received in May. If the management continues to scale with efficiency, the stock can maintain its high growth.

Shopify

Similar is the case with **Shopify** (TSX:SHOP)(NYSE:SHOP). Among merchants, it has gained acceptance as the preferred e-commerce platform after **Amazon**. The pandemic accelerated its revenue growth to triple digits and even made the company profitable for the first time. The stock has surged 4,467% in the last five years, with most of the growth coming from April 2020 onwards. The stock is still in the high-growth stage, riding the e-commerce wave. Although it cannot replicate its past growth, it can grow 30-50% annually, taking a conservative estimate.

Stable growth stocks

The stable growth stocks are generally resilient to the economic conditions or are essentials whose demand keeps growing per user. Take the internet, for instance. Your broadband usage and the number of devices connected to the internet have increased significantly in the last 10 years.

BCE (TSX:BCE)(NYSE:BCE) benefitted from this trend twofold. The stock appreciated 91% between 2010 and 2020, and its dividend increased at compounded annual growth rate (CAGR) of 6.4%. It is now set to tap the 5G opportunity, which is bigger than 4G. Till Elon Musk's Starlink satellite internet becomes commercially viable, 5G will flourish, accelerating BCE's stock and dividend growth. The stock has surged 12% year to date.

Descartes Systems (TSX:DSG)(NASDAQ:DSGX) offers technology solutions for supply chain management (SCM) and logistics. Ask yourself, has your travel increased? Do you order more non-local goods? Has the supply chain become global? All this is made possible by SCM solutions that made the operations efficient. Trade and travel will only grow, driving demand for SCM. Hence, Descartes is a stable growth stock that could give you 15-20% average growth every year for years to come.

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3. NYSE:SHOP (Shopify Inc.)
4. TSX:BCE (BCE Inc.)
5. TSX:DND (Dye & Durham Limited)
6. TSX:DSG (The Descartes Systems Group Inc)
7. TSX:SHOP (Shopify Inc.)
8. TSXV:HIVE (Hive Blockchain Technologies)

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