



2 Top Growth Stocks to Buy in August 2021

Description

If you want to beat the market and grow rich in the stock market, you have to take a risk. But taking a risk doesn't mean jumping off a plane without a parachute. That is what overconfidence makes you do. I won't blame new investors. Even the most experienced investors tend to get overboard. To err is human.

Investing in growth stocks

When you invest in [growth stocks](#), there is some degree of risk, as you're investing in a company that is still making a position in the market. But then, it is these companies that make you a millionaire. Today, **Shopify** stock is trading above \$1,800. Had you invested in the stock during its early growth years (2016), when it traded below \$100, your investment would have grown 18-fold. That is the kind of returns growth stocks give. But the challenge is, you can only make an informed guess on which growth stocks will be the next Shopify.

I will take you through two growth stocks that have so far proved that they have the potential to become big in a conducive growth environment. However, their growth could be at risk in harsh weather.

goeasy stock

goeasy ([TSX:GSY](#)) is an omnichannel non-prime lender. It has been lending and leasing \$500-\$45,000 to average Canadians that were rejected credit by traditional banks. In its 30 years, goeasy has originated over \$6.7 billion in loans to over one million Canadians and helped 33% of its customers improve to prime credit.

goeasy's biggest risk is customer default, as it lends to high-risk consumers. It uses sophisticated analytical and modelling techniques to underwrite unique segments of the population and reduce credit risk. For instance, it used the Borrower Assistance Program (consumers can defer the payment or extend the loan term) and the loan protection plan to reduce the default rate in [2020](#). This helped goeasy increase its operating income by 28% and adjusted earnings per share by 46% in 2020. It has also increased its dividend for seven consecutive years.

goeasy survived the 2009 Financial Crisis and surged 620% between January 2009 and January 2020. It also survived the pandemic crisis and surged over 500% from the March 2020 dip. You might wonder if there is more growth left in the stock. goeasy will continue to expand geographically and tap a wider customer base by broadening distribution channels and credit products. In a conducive growth environment, all these strategies could drive the stock price rally.

Bitfarms

Bitfarms (TSXV:BITF) is a Bitcoin mining company that mines these currencies and hosts mining capacity for individual miners. It derives most of its revenue from selling or trading Bitcoin. Hence, the stock derives its value from the BTC price. Many factors hint that, gradually, BTC is gaining acceptance as a global currency. Canada has launched several BTC ETFs, the United States is open to the idea of a BTC ETF, and the regulators are also debating an infrastructure bill for [crypto](#).

At the same time, there are countries like China that have banned crypto mining and trading. Crypto is at a crossroad, which is a good sign compared to not having any acceptance at all. With every BTC wave, Bitfarms stocks will surge and drop significantly. You can actively trade on this stock and book short-term profits. But I would suggest you buy and forget it. The stock has surged over 2,100% since October 2020, and during this period, it witnessed five dips. This is a growth stock but with high risk, and the only way to tackle it is to HODL (hold on for dear life).

Final thoughts

If you are up for some risks, the above two stocks have the potential to generate significant growth, even at their current price points. But I would suggest you also hedge this downside risk with dividends and resilient large-cap stocks.

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Date

2025/07/07

Date Created

2021/08/18

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