Got $1,000? Here Are 3 Growth Stocks to Buy Now

Description

Monthly investments of $1,000 for a 20% rate of return per year will allow you to accumulate more than $1,000,000 in 16 years! So, if you've got an extra $1,000, you should highly consider investing it in growth stocks for outsized upside potential. Here are a few ideas to start your research.

Air Canada stock

Air Canada (TSX:AC) stock is obviously subject to the economic cycle. Coming out of the financial crisis in the last recession from 2010 to the peak of 2019, AC stock compounded annualized returns of more than 44%! That's essentially growing a $1,000 investment into about $37,916.

The airline stock is not nearly as cheap now as it was in 2010, but it remains one of the cheapest stocks on the **TSX** today. Coming out of the pandemic, a lift of travel restrictions could drive a super rebound in air travel that could see the growth stock doubling over the next few years. This could lead to annualized returns of about 26% if materialized over the next three years.

Growth stock: CP

Canadian Pacific Railway (TSX:CP)(NYSE:CP) is another growth stock in the industrial sector that could continue performing well into the future. What's more to like is that its earnings and cash flow should be much more stable than Air Canada's.

Since 2010, CP stock's compound annual rate of return has been about 19.6%, which is sheer market outperformance compared to the **S&P 500's** roughly 14% rate of return in that period.

The recent dip in the growth stock due to the volatility around the **Kansas City Southern** acquisition could be a good long-term buying opportunity.

A Canadian tech stock that's growing globally

Converge Technology Solutions (TSX:CTS) is a very young company; it was only founded in 2016. However, it has a clear focus on growth and profitability.

Since October 2017, the IT solutions provider has completed 23 acquisitions that helped expand its offerings and grow its scale. It had incredible success performing M&A and cross-selling its products and services in North America. While it carries on this growth strategy, it hopes to replicate this success in Europe. The first step in this direction was completing its first acquisition of REDNET in Germany.

The tech company caters to the needs of the mid-market by providing a range of products and services, including managed services, cloud, cybersecurity, digital infrastructure, advanced analytics, and IT talent acquisition.

Here's a glimpse of the tech stock's growth. In the first half of the year, Converge reported $655.5 million revenue — growth of 40% year over year. The adjusted EBITDA, a cash flow proxy, increased at an even higher rate of 78% to $40.5 million. Year to date, the growth stock has climbed 140%, and in the last 12 months, it's climbed about 550%.

If it's able to continue its growth strategy successfully, the tech stock could be a multi-bagger investment over the next few years.

More food for thought

AC stock is a pandemic reopening play that's sensitive to economic contractions and expansions. CP will grow long term, but it is also sensitive to economic booms and busts. Converge will likely be the least affected by economic cycles, but we shall see the proof next time we experience a recession.

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