Forget Facedrive Stock: Buy These 2 Growth Stocks Instead

Description

Wow! Talk about a stock that relies on the whims of the market. **Facedrive** (TSXV:FD) stock just fell off the cliff. As of writing, during yesterday's intraday trading, the momentum stock has fallen close to 28%. Not too long ago, it quadrupled from under $1 to $4 per share in as few as three days.

Making money from FD stock requires excellent market timing and tonnes of luck. If you aim for quick profits in short-term bets but catch the wrong side of the trade, you could find yourself losing money very quickly. The tech stock might decline another 27% or so and hit $2 before bouncing back for all we know.

Facedrive is still losing money. Why not invest in **TSX** stocks with more secure returns?

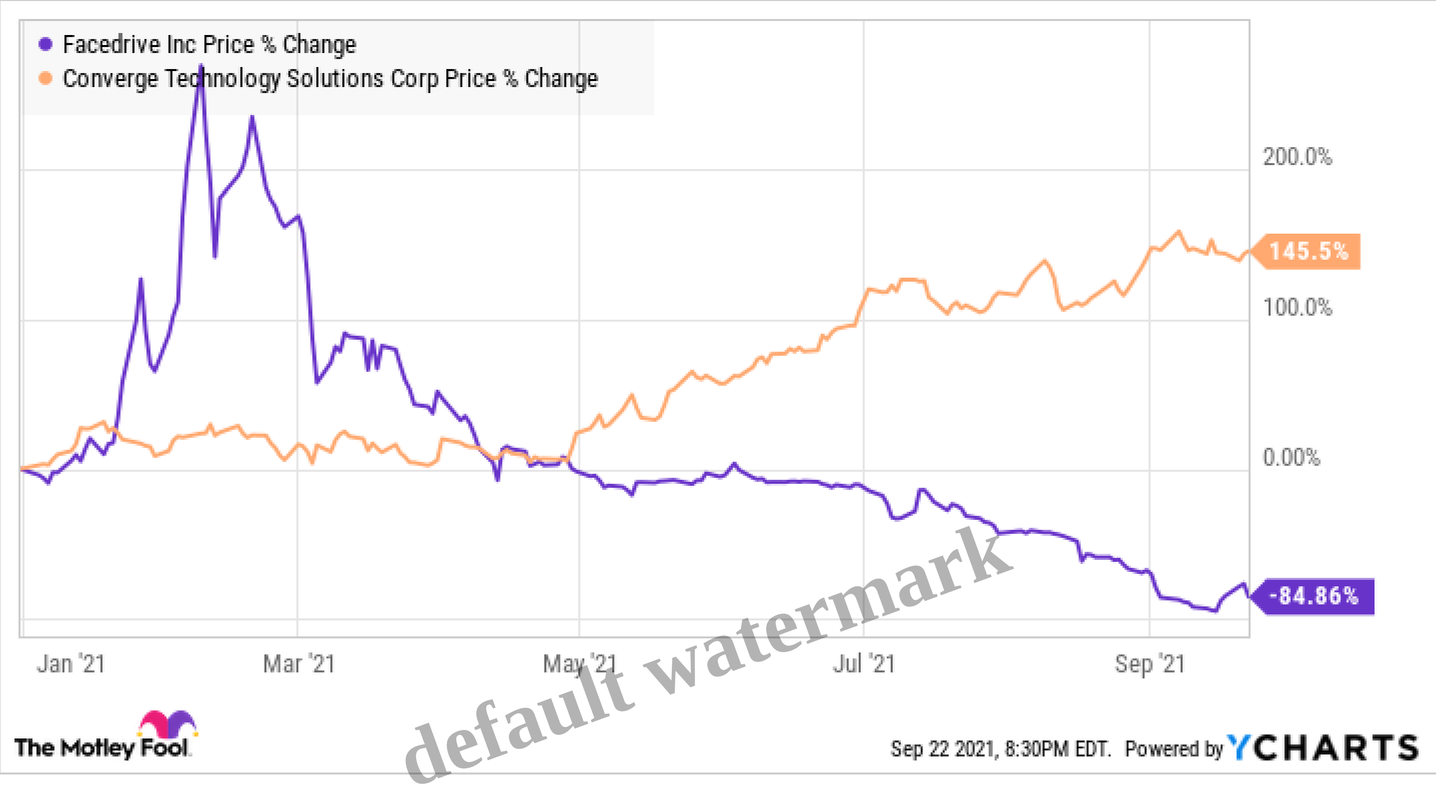
A little tech stock that's growing big

A quick glance at **Converge Technology Solutions's** (TSX:CTS) stock price chart would make investors think it's a momentum stock. However, the tech company has really proven itself by earning a number of awards.

Most recently, it was awarded the Ingram Micro Cloud Partner Award for 2021 in the Reseller Partner of the Year category for the second year in a row. As the press release describes, the award "acknowledges partners who saw outstanding achievements and quantifiable business growth in 2020, selling products from Ingram Micro Cloud Marketplace to help the digital transformation of their clients' business."

This year could also be the first year that the company is net income positive. In the first half of the year, Converge's adjusted EBITDA was $40.5 million, up 78% year over year (YOY). It climbed on the strength of its revenue growth to $655.5 million, up 40% YOY.

These superb results have reflected directly upon the tech stock's performance with an appreciation of about 145% year to date. The stock will head higher, as the company continues to succeed in its M&A growth strategy.



FD and CTS data by YCharts.

Buy this "growth" stock and get a nice dividend

Okay, **Manulife** (TSX:MFC)(NYSE:MFC) stock is not really a growth stock by definition. However, it can grow your money extraordinarily due to the big discount it offers.

Manulife is a large and diversified life and health insurer. Asia contributes approximately a third of its core earnings. It also earns about 31% and 18%, respectively, of its core earnings from the United States and Canada. Global wealth and asset management contribute roughly 17%.

Today's low interest rate environment doesn't bode well for the insurer, which is exposed through fixed-income investments. However, this works well for common stock investors that can generate a nice yield at a bargain. MFC stock provides a juicy yield of close to 4.7%.

Analysts are calling for a three- to five-year earnings-per-share (EPS) growth rate of 14.8% versus **Sun Life's** 10.4%. The higher anticipated growth could come from Manulife's greater weighting in the Asian geography.

Assuming a much more modest EPS growth rate of 7%, MFC stock should be able to trade at a normal price-to-earnings ratio (P/E) of at least 10. However, the dividend stock trades at a blended P/E of only about 7.6 at writing. This means the stock has close to 31% upside potential from valuation expansion alone.

If it takes about five years for this to play out, including the stable dividend income, MFC stock can deliver annualized total returns of roughly 25% per year! That's the kind of estimated returns that large-cap growth stocks provide.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

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1. NYSE:MFC (Manulife Financial Corporation)
2. TSX:MFC (Manulife Financial Corporation)
3. TSXV:STER (Facedrive Inc.)

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