3 Growth Stocks I'd Buy Without Hesitation

Description

You might have noticed that growth stocks are getting pretty pricey these days. The **NASDAQ** keeps charging on ahead, taking tech stocks to new heights. The stocks that make up the NASDAQ-100 boast solid growth, but they're trading at sky-high multiples as a result of that growth. Because of the steep valuations involved, many investors are becoming wary of growth stocks. What goes up must come down eventually.

Nevertheless, there are a few growth stocks I'd buy without hesitation. Stocks that, due to their solid competitive position and strong growth, are worth their inflated multiples. In fact, there are even some growth stocks out there with value stock characteristics–true "growth at a reasonable price" plays. In this article, I will explore three growth stocks that I would buy without hesitation.

goeasy

goeasy (TSX:GSY) is a Canadian alternative finance company. It offers customers small loans from $500 to $50,000. It also offers lease-to-own arrangements on small appliances with no credit checks. On its website, goeasy boasts that it approves 76% of applicants, with 90% of them being approved within 10 minutes or less. The company allows customers to apply for credit online, without having to visit a branch. It also runs retail stores where people can buy appliances using GoEasy credit.

The company's revenue growth has been modest, compounding at about 10% per year over the last five years. However, the growth in earnings has been much stronger. Due to improving operational efficiencies, it has increased at a 50% compound annual growth rate (CAGR) and is a solid growth stock that has been delivering increasing value to investors.

Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) is a growth stock I would buy if the price were to fall a bit lower. The company has been delivering phenomenal growth lately, with revenue up 46% in the most recent quarter, and 57% in the quarter before that. Going further back, the company achieved a string of four quarters all with revenue growth exceeding 90%. SHOP was a beneficiary of the COVID-19 pandemic, as it made money off the surge in online shopping caused by retail closures.

There was some concern that revenue deceleration would be a huge problem for SHOP once the COVID-19 pandemic began to wind down. While SHOP's revenue growth is indeed decelerating, it remains strong. The company is also solidly profitable now in both GAAP and adjusted terms. So it's a solid growth stock–it's just priced a little high for my tastes.

Alibaba

Alibaba Group Holding (NYSE:BABA) is one growth stock I not only *would* buy but *have* in fact bought. I spent late summer and fall averaging down on the stock, which is backed by superior revenue growth–about 40% in for the trailing 12-month period. BABA is a solidly profitable company with a wide economic moat and excellent financials.

The stock is selling off not because of inferior financial performance but because of increased risk factors. The Chinese Communist Party launched a crackdown on internet stocks this year — one that was perceived as being risky to companies like BABA. The company is releasing its earnings for the most recent quarter on Thursday, so it won't be too long now before we see whether or not it took much damage.

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