3 Safe Stocks for Aggressive Growth

Description

What makes a stock safe? Its position in the industry, strong cash flows, great management, positive prospects, lack of competition, etc. are just some of the factors that indicate how safe stock is. It's important to understand that just because a stock is growing rapidly doesn't mean it's a risky stock heading for certain doom.

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Many safe stocks can offer aggressive growth, and by choosing the right ones, you can expedite the rate at which you are building your nest egg without adding more risk to your portfolio.

A banking stock

National Bank of Canada (TSX:NA) was one of the best growth stocks in the banking sector, even before the pandemic. The post-pandemic recovery momentum expedited its usually sustainable growth pace as well, and the stock that only grew about 29% between 2017 and 2019 has grown 47% in the last 12 months (from the beginning to the peak).

However, the bank, along with the rest of the sector, is dipping. It might not be a full-blown correction yet, but a sizeable enough dip would most likely place the stock at the place it would have been if it weren't for the pandemic destabilizing its pace. And from that point on, we can assume that the stock *would* maintain its usual steady growth pace, which is not aggressive per se but quite powerful compared to other banking stocks.

An industrial stock

Toromont Industries (TSX:TIH) has returned 162% to its investors in the last five years and about 98% in the five years before that. It might not seem very consistent, but that's the difference between growth velocity and trajectory. The company has been going in the upward direction for the last two decades at least, and this consistency, along with its relatively rapid growth pace, makes it a powerfully aggressive growth stock.

And Toromont is also quite safe. The company still makes most of its money from its equipment business, which it runs under seven different banners. As one of the largest CAT dealers around the globe, the company maintains a solid competitive edge. It has also diversified its equipment business to cater to specific market segments like Manitoba agriculture. Toromont's CIMCO refrigeration business is quite healthy as well.

A tech stock

If there is one stock on this list that truly falls in the category of "aggressive growth," it would be **Constellation Software** (TSX:CSU). The tech stock has not only been the most expensive security (from a per-share price perspective) in Canada, but it has also been one of the best, most powerful growth stocks for the last two decades.

The stock has returned over 2,800% to its investors in the last decade. And even though it's quite overvalued, its expensiveness is justified. If the stock can maintain its growth pace for the upcoming two or three decades, it has potential to make its investors quite rich, assuming they invest enough capital in it.

The safety of Constellation comes from its history, the trust it holds in the investor community, as well as its business model.

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Foolish takeaway

All three growth stocks haven't just proven their mettle but are also poised for a decent bit of growth in the future. They also pay dividends, but the yield (apart from National Bank) is not enough to be a more compelling reason than their growth potential to buy them.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:NA (National Bank of Canada)
3. TSX:TIH (Toromont Industries Ltd.)

PARTNER-FEEDS

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