3 Growth Stocks That Could Be Huge Winners in the Next Decade and Beyond

Description

Investors can buy growth stocks for substantial price-appreciation potential. Here are three growth stocks that could be huge winners over the next +10 years.

A growth stock that pays a nice dividend

goeasy (TSX:GSY) is a growth stock that could soar over the next decade and beyond. After a considerable selloff, the dividend stock trades at a discounted valuation of about 9.3 times its forward earnings.

Specifically, the stock is half off from its peak and 52-week high. Investors ran for the hills because of rising interest rates. On one hand, in this environment, investors may expect higher borrowing costs, which deters Canadians from borrowing from the leading non-prime Canadian consumer lender.

On the other hand, goeasy lends to folks who cannot borrow from traditional methods. It means that these people can't help but borrow from goeasy, unless they decide not to spend that money for the items they need or want.

An initial investment of $10,000 in goeasy a decade ago transformed into $192,652, resulting in annualized returns of about 34%. That's 19 times investors' money in the period.

At about $108 per share, the growth stock yields almost 3.4%. In the past five and 10 years, it increased its earnings per share (EPS) at a compound annual growth rate (CAGR) of 34% and 29%, respectively. The company will likely be able to continue a double-digit growth rate, because a proportion of the population will always need its products and services.

One tech stock with a proven track record of growth

Over the years, **Constellation Software** (TSX:CSU) has been consolidating vertical market software businesses as well as developing these software solutions that are mission-critical and caters to the needs of specific industries.

The company's five-year return on equity is close to 48%, which suggests excellent capital allocation, including good use of financial leverage to grow the business.

In the past five and 10 years, the tech stock increased its EPS at a CAGR of 20% and 25%, respectively. In the last decade, its exceptional growth and valuation expansion resulted in a total return at a CAGR of roughly 38%, or 25 times investors' money! An initial investment of $10,000 transformed into $251,678 in the last decade.

At a forward price-to-earnings ratio of under 31, the top-notch tech stock is still a reasonable buy for long-term wealth creation.

One small tech stock at an early stage of growth

Compared to Constellation Software that has a market cap of close to $45 billion, **Converge Technology Solutions** (TSX:CTS) is a small tech stock. Converge was only founded in November 2016, and its market cap is about $1.2 billion. Needless to say, the little tech stock is in an early stage of growth.

Management is focused on sustainable, profitable growth. The company offers a diverse range of tech solutions to mid-market clients and has been acquiring businesses with eyes set on expanding the adjusted EBITDA margin.

The strategy has worked exceptionally well when its common stock treads higher in a bull market, because it could raise addition capital for acquisitions through equity offerings.

The tech stock has sold off along with many other tech stocks. It's a good thing Converge's balance sheet is very clean. Essentially, it has no long-term debt. Additionally, it has about $216.7 million in cash and cash equivalents, which is 14% of its total assets. So, if need be, it has the resources to make acquisitions in suitable businesses.

The tech stock is down more than half from its peak and 52-week high. Analysts believe it can roughly double over the next 12 months. Over the next decade, the stock could be an even bigger winner.

CATEGORY

1. Investing

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2. TSX:GSY (goeasy Ltd.)

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