



## A Recession Silver Lining: 2 Stocks That Could Post Supernormal Returns From Here

### Description

Do you want to earn supernormal profits? You need to buy multi-bagger stocks at their lows. Multi-bagger stocks are growth stocks of the future. To give an *Iron Man* analogy, Tony Stark makes Pepper Potts the chief executive officer of Stark Industries. Pepper Potts is a growth stock, as she has experience and knowledge and can handle growth. But when Stark invests in Peter Parker, the prodigy is a multi-bagger stock. He is learning, going through trial and error, and improving with every new challenge. And such stocks make supernormal returns.

### How to identify stocks that can give supernormal returns

The stock market has many stories of how multi-baggers made their loyal shareholders rich. Breaking the odds of [fundamental valuation](#), they grew through product innovation and efficient implementation.

“Lose battles but win the war.”

*In Robert Greene’s book, [The 33 Strategies of War](#).*

Multi-baggers are stocks that might lose some battles in the short term, because their aim is to win the war. The recession is a battle, and retirement is the war.

### Two stocks to buy and hold in this recession for supernormal returns

Here are two stocks that have taken a hit in the recession but have become the multi-baggers that can give you supernormal profits.

### Advanced Micro Devices stock

The [semiconductor](#) industry is going through tough times, as the growth created by the pandemic is falling apart. Global PC shipments [reported](#) their steepest dip of 19.5% in the third quarter. The PC and laptop market has matured. The key growth driver is PC upgrades by existing users. Chip maker **Advanced Micro Devices** ([NASDAQ:AMD](#)) has lived through the PC generation, beating its rival **Intel** in the technology roadmap (in 2015) after two decades of being the underdog.

This phase of proving a worthy opponent pushed AMD stock up 4,600% in seven years. In dollar terms, it converted \$10,000 to \$470,000. If AMD has made supernormal returns, does it have more to give? This is just half the journey. The endgame of the AMD growth story is yet to come.

AMD acquired the largest field programmable gate array maker, Xilinx, this February to tap the high-performance and adaptive computing market. What is adaptive computing? The future of technology is robots, augmented reality, and autonomous vehicles backed by artificial intelligence and 5G. All of these need high computing that is adaptive to the situation.

Just like humans adapt to their surroundings, computing needs to be adaptive to optimize high-performance computing. It reduces AMD's dependence on PCs and game consoles and opens a new chapter of data centres with a US\$50 billion addressable market. The data centre opportunity is bigger than that of PC and gaming.

AMD stock's 60% dip was due to a lost battle: the crypto bubble burst and supply chain issues. But this dip has created an opportunity for another 4,000% supernormal returns, as it heads towards winning the war of advanced tech in the 2030 decade.

## Ballard Power Systems stock

Another multi-bagger stock is **Ballard Power Systems** ([TSX:BLDP](#)). This company is looking to revolutionize the way you travel. It is testing hydrogen cars — in simple words, cars that run on water.

Ballard has developed hydrogen fuel cells for bus, truck, rail, marine, off-road vehicles, and stationary power markets. It is still testing the technology with various companies and could become their supplier once these trials succeed. If successful, the opportunity is endless. It could become the next **Tesla**. But to win the war of successfully building hydrogen fuel cells, Ballard has to lose small battles like low or no revenue, rising expenses, and widening losses in the test phase.

There is a significant risk as it is impossible to guess when hydrogen fuel cell technology could be acceptable and widely adopted. The next 10 years could either give supernormal returns or average growth.

## Investor takeaway

The above multi-bagger stocks need patience while they forge supernormal returns by getting through the harsh environment. AMD and Ballard Power Systems are forging a better future for adaptive computing and hydrogen cars. You can invest a small portion of your portfolio in such stocks and hold for the [long term](#).

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