

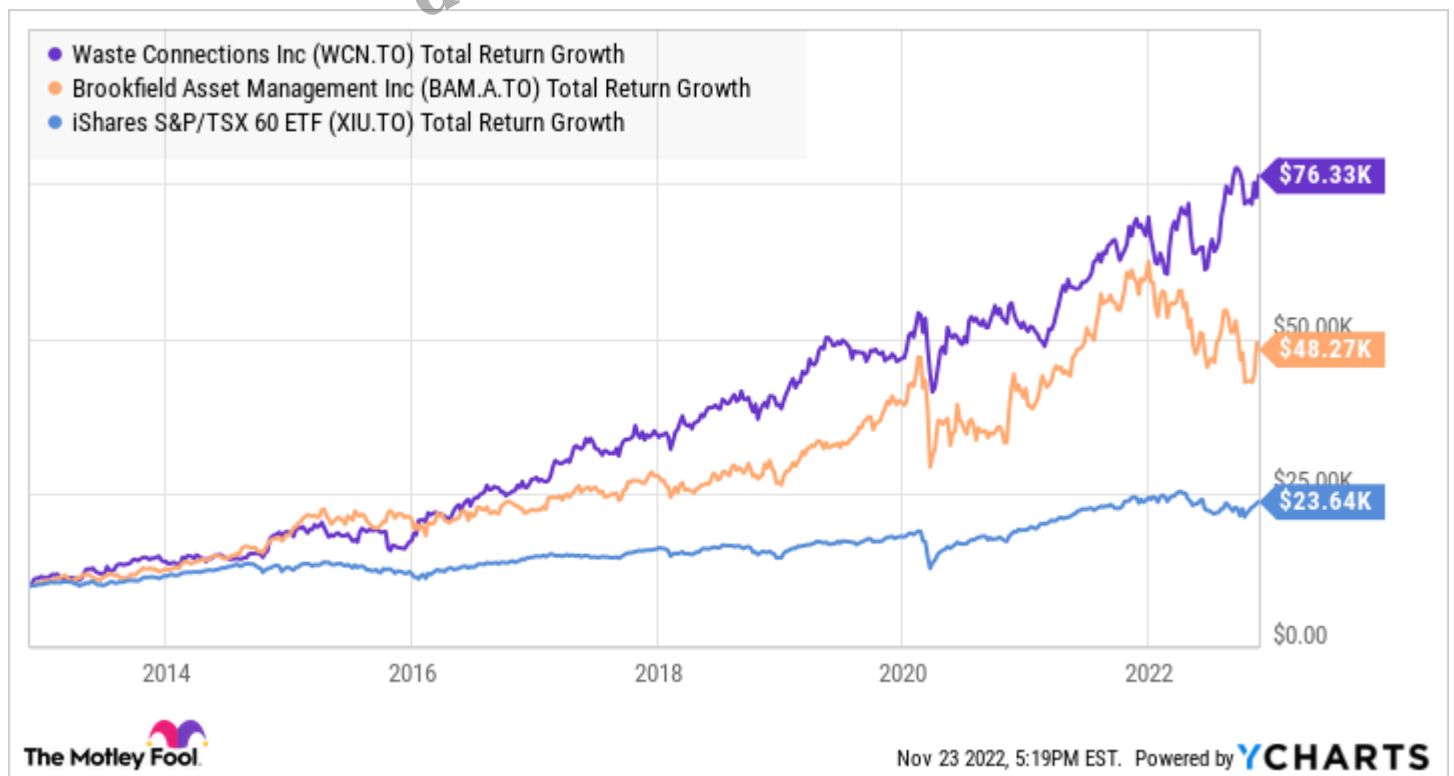


2 High-Potential Growth Stocks You Can Buy With \$5,000

Description

High-potential growth stocks can pull the weight of your investment portfolio, driving stronger price appreciation. Here are a couple of growth stocks from different industries that are top holdings in the **iShares Canadian Growth Index ETF**.

The two [growth stocks](#) have outperformed the market in the long run. Below is a chart showing how an initial \$10,000 investment has grown in the stocks and the Canadian stock market over the last 10 years.



WCN, BAM.A, and XIU Total Return Level data by YCharts

Waste Connections

I've hardly written about **Waste Connections** ([TSX:WCN](#)), if at all, because every time I look at it, it always seems to be expensive. This time, it's trading at a high valuation — about 38 times its blended earnings. There must be a reason why it always commands a premium valuation.

Waste Connections is an integrated solid waste services company. Its operations include non-hazardous waste collection, transfer and disposal services, and resource recovery via recycling and renewable fuels generation. Since it provides these essential services to a diversified client base, including residential, commercial, and industrial customers across 43 states in the U.S. and six provinces in Canada, its earnings have been stable and growing over time.

Year to date, it increased its revenues and operating income by approximately 18%. Its adjusted earnings per share is anticipated to rise about 24% this year. For its growth potential, analysts believe the investment-grade BBB+ credit rating company is fairly valued at \$190 and change per share. WCN stock is also a Canadian Dividend Aristocrat with a 10-year dividend-growth rate of 14.9%.

Brookfield Asset Management

Brookfield Asset Management (TSX:BAM.A) is a leading global alternative asset manager with more than US\$750 billion of assets under management (AUM) across real estate, infrastructure, renewable power and transition, private equity and credit.

It was first an owner and operator of its long-life, cash-cow assets before managing assets for other investors and earning management fees and often performance fees.

For reference, its five-year distributable earnings per share increased by 29% per year. Its fee-related earnings before performance fees also increased by 23% per year in the period. Similarly, it increased its AUM by 25% per year in the period.

The correction of 20% in the growth stock year to date is a good opportunity to buy. Analysts believe the [large-cap](#) growth stock is discounted by about 23%.

Notably, in early December, the company will be split into two — Brookfield Corporation under the ticker TSX:BN and Brookfield Asset Management under the ticker TSX:BAM.

The split will provide greater flexibility for both companies. Some investors may decide to dump their smaller positions in Brookfield Asset Management. If a selloff does occur after the split, investors should consider buying, as BAM stock will be a cash cow with a higher dividend yield than BAM.A.

The Foolish investor takeaway

Waste Connections and Brookfield Asset Management offer long-term growth potential given their track record of execution and delivery of market-beating returns. If you have an extra \$5,000 right now, you can split it equally between the two stocks to start building long-term positions.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:BN (Brookfield)
2. TSX:WCN (Waste Connections)

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