



Is Now the Right Time to Buy Growth Stocks?

Description

When you hear growth stocks, the first thing that pops up is [technology stocks](#). And you are not wrong, as the tech sector has been booming for a decade, scaling global markets and changing everyday lives. However, the pandemic created a tech bubble, with stocks like **Shopify** and **Lightspeed Commerce** seeing 10 years of growth come in a few months. This bubble burst in 2022 when the Bank of Canada started an interest rate hike cycle to pull out the stimulus money from the economy that created the stock bubble.

What defines a growth stock?

The tech bubble burst has made even the most aggressive investors risk-averse. They are now seeking solace in [dividend stocks](#). But it is important to have a mix of growth and dividend stocks in your Tax-Free Savings Account (TFSA) portfolio. While dividend stocks can give you regular income, growth stocks can grow your invested amount significantly.

Growth stocks reinvest their income to grow their earnings through new products, acquisitions, or geographical expansion. Most growth stocks benefit from sales generated from an untapped market, a competitive advantage, or a new trend. They carry lower debt that gives them the flexibility to take risks in a growing economy and sustain in a slow economy.

Is now a good time to buy growth stocks?

The trick to growing rich from growth stocks is to buy them at their lows. The 2022 [bear market](#) has created a Black Friday-like sale for stocks with significant growth potential. You can benefit from a recovery rally and a long-term secular trend. Here are two growth stocks with significant potential to triple your money in a few years.

BlackBerry stock

BlackBerry ([TSX:BB](#)) stock came into the limelight in 2021 because of the meme stock trend whereby Redditors used short selling to make some profits. After the fallout of the meme debacle came the tech stock sell-off. To add fuel to the fire, supply chain constraints hampered automotive sales, the key growth driver for BlackBerry. And the slowing economy elongated the sales cycle for cybersecurity services. BlackBerry stock fell 24% near the end of December 2022 as the company reported another [quarter](#) of revenue decline.

But in all these stages of decline lies a delayed opportunity. BlackBerry's QNX operating system powers several million vehicles. With the growing automation of automobiles, more technology is going inside per vehicle, making cars the next big market for tech companies.

The company has been successfully winning design orders from car makers. But the royalty revenue for these design wins is delayed till the cars are shipped, creating a \$560 million royalty revenue backlog. There is a huge demand for electric vehicles (EV). When supply constraints start easing, EV sales could pick up, unblocking BlackBerry's pent-up revenue.

The company has several government cybersecurity contracts in the pipeline that are taking longer than usual to close. BlackBerry also has the sale of its patent licensing business pending that will inject over \$600 million. It has the potential to grow revenue over the long term as it rides the secular trend of the internet of things (IoT), automated cars, and smart cities. BB stock is trading at a 30% discount from its average trading price of \$8, creating a buying opportunity.

Nvidia stock

Nvidia ([NASDAQ:NVDA](#)) is the ultimate growth stock riding the secular trends of gaming, artificial intelligence (AI), [5G](#) networking, and autonomous vehicles (AVs). It is doing so on the back of its most advanced graphics processing units (GPUs) that perform high computing tasks.

Nvidia stock took a hit in 2022 as PC sales declined and the crypto bubble burst, filling the market with second-hand GPUs. Moreover, the United States imposed a ban on the export of advanced chips to China, taking off a good slice of revenue for Nvidia. All these headwinds significantly reduced its revenue and pulled the stock down 50% in the short term, but its secular growth from advanced GPUs remains intact. Now is the time to buy this growth stock at the dip and book your rally to future growth.

CATEGORY

1. Investing
2. Stocks for Beginners
3. Tech Stocks

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Date

2025/06/27

Date Created

2023/01/26

Author

pujatayal

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