FREE REPORT

How to Find the True Growth Stocks (August 2025)

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What are Growth Stocks?

By definition, growth stocks are companies that have above-average growth prospects. They are firms whose earnings have increased at a faster rate than the market average. Their growth is likely to remain above average for years or decades. It is often the case that they pay small dividends or none at all. Instead, they re-invest their cash flow in the business, to promote their growth.

Although these stocks can be highly volatile, especially in the current economic uncertainty resulting from unpredictable U.S. tariff decisions, they often make good long-term investments. They may be well-known stars or quiet gems, but they do share one common attribute—they have grown at higher-than-average rates within their industries, or within the market as a whole, for years or decades.

Growth investing focuses on trying to identify and buy rising stocks when they have further growth ahead.

These stocks may trade at higher-than-average multiples of earnings, cash flow, book value and so on. Ideally, though, they also have above-average growth prospects, compared to other investments.

Types of Growth Investments

A few main categories of assets have historically shown the greatest growth potential. All of them involve equity in some form, and they usually come with a higher level of risk. Types of growth investments include the following:

1. **Small-cap Stocks**
   The size of a company is based on its market capitalization, or net worth. Market capitalization is the total value of all the company's outstanding shares. It is calculated by multiplying the number of shares outstanding by the market price of a single share. There is no universal definition for a "small cap" company compared to a micro-, mid- or large-cap company. Many analysts, however, consider any company with a market capitalization of between $250 million and $1.2 billion to be a small-cap firm.

   Companies in this category are often still in their initial phase of growth. Their stocks have the potential to increase significantly. Small-cap stocks have historically posted higher returns than blue-chip stocks, but they are generally more volatile. They also carry a higher degree of risk. But small-cap stocks have frequently outperformed large-cap stocks during periods of recovery from a recession.

2. **Technology and Healthcare Stocks**
   Investors who seek a growth stock with strong potential often look for companies that develop new technologies or offer innovations in healthcare. The stocks of companies

that develop popular or revolutionary products can rise exponentially in price over a relatively short period of time.

3. **Speculative Investments**
   Aggressive investors frequently look to high-risk growth investments such as penny stocks, futures and options contracts, foreign currency and real estate deals that involve undeveloped land. Those who make sound decisions here can earn a return that is many times their initial investment. But they can also often lose every cent of their principal.

How to Identify Hidden Value in Technology Growth Stocks

Hidden value is one of the key factors we look for when we choose stocks to recommend. By hidden value, we mean valuable assets that are not getting the attention they deserve from investors. The best tech growth stocks often hold hidden value that only well-informed investors can spot.

When a company’s assets are wholly or partially hidden, the stock trades for less than it’s really worth, so you get to buy at a bargain price.

When we pick stocks in the more volatile technology field, one of our favourite hidden assets is high research spending on artificial intelligence, for example. That’s because technology stocks have to treat their research spending as a day-to-day expense, much like salaries or taxes. So research spending comes out of the current year’s sales, and it lowers the current year’s earnings.

As a result, many tech growth stocks’ earnings per share may look lower than those of stocks in other industries. That causes some investors to overlook promising tech firms, or to see them as overpriced.

However, research and development spending has the potential to pay off in dramatic long-term returns. That’s because the products that grow out of this spending will help tech firms increase their long-term sales and profits.

We see high research spending as a powerful indicator that a technology stock is positioned to profit from a period of global economic recovery. That’s because they’ll be ready with new and improved products that businesses and consumers will want to use when they increase their technology spending.

Not all tech growth stocks are good investments. There are four main risk factors you face when investing in tech growth stocks. Below we look at ways you can minimize these risks—and increase your profits.

- Marketing is as hard as inventing: Even a great new product or computer program may fail to overcome retailer and customer skepticism. Tech growth stocks can have an uphill battle when they first hit the market.

- A tech stock's acquisitions can bring "time-bomb" risk: Companies sometimes grow quickly by buying other companies. But the sellers may simply want out of a losing situation. Growth by acquisition can work out, but it can also mean a waste of capital and time.
- Major tech stocks also make mistakes: Junior tech stocks often trumpet their deals with major firms, such as Apple. Apple has vastly more knowledge and bargaining clout than any individual investor. But it still invests in products that fail.
- High-tech shams are common: It's easier to set up a company and sell stock to investors than to perfect a technological advance. Be especially wary when tech growth stocks splurge on elaborate websites and glossy investor brochures.

You can minimize the risk associated with tech stocks by considering the following:

- Diversify: Tech growth stocks have more than their share of winners and duds. So invest carefully and buy 5 to 10 technology stocks instead of just one. Gains on your winners should overwhelm your losses.
- Focus on up-and-coming technologies: For this, you need to know how technology is changing. Read and absorb the latest tech blogs. Learn about the technologies that are exciting tech companies. For instance, rising use of wireless devices—such as the iPhone and iPad tablet computer—is increasing the demand for faster, more reliable wireless networks. 3D printing. Artificial Intelligence (AI) and virtual reality are exciting technologies that have Silicon Valley buzzing.
- Buy multi-product companies: Technological advances come in spurts, and often one innovation will boost another. Focus on growth tech stocks with a variety of existing or soon-to-be-released products, and avoid one-hit wonders.
- Look for earnings: A perpetual money loser will eventually go broke, no matter how impressive its technology. But if it makes even a little money, it can stay in business and perhaps reap the bonanza of a new product.
- Look closely at balance sheets: Does the tech stock have real estate holdings? How much real estate does it own? This could be another source of hidden value in the future.
- Look for loyalty: Does the growth tech stock in question have a loyal following? Apple is the perfect example of a growth tech company that leveraged its loyal fan base to jump start the digital music revolution with the iPod.

Three big risks to investing in 'hot' growth stocks

"Growth stocks" is a broad group. Understandably, investors will seek to narrow that field of potential stocks to focus on those categories with the strongest potential growth.

We sometimes differ with the mainstream view on which stocks make the best growth stock investments. That's especially true with drug stocks.

The general view on drug stocks seems to be that they are can't-miss investments: simply put, baby boomers are reaching an age when they will need more and more drugs for a wide range of medical conditions.

Look beyond rising demand from boomers when investing in drug stocks

We agree with the idea that the aging of baby boomers will create demand for drugs. But the consensus overlooks some drug-company drawbacks. Here are three major hurdles most drug stocks face:

1. High research and regulatory costs: Drug firms need to spend heavily to create new drugs, and spend even more to gain regulatory approval. Even then, they only get to profit for a limited time before patents run out and generic products appear. Also their research spending usually leads to dead ends, rather than new drugs that fill a need and can earn the approval of regulators. Failed research may add to the general body of knowledge, of course. But for the company that spent the money, it's a write-off.

2. Aggressive competition: Drug companies must deal with increasing litigation and aggressive competition from generics as patents on their drugs expire.

3. No brand loyalty: Demand for effective drugs can evaporate overnight, long before the patent expires, if more effective drugs come along. Unlike many other manufacturers, drug stocks don't benefit from brand loyalty. What's more, if investors come around to the common-sense view that the best treatment for diabetes is a combination of improved diet, more exercise and fewer calories, they may lose their appetite for the high risks of drug stocks.

Finding drug stocks to invest in

Drug stocks acquired their reputation as high-quality investments in the 1990s. Their earnings and stock prices were soaring in those years, and many books and periodicals wrote about their glowing prospects. As a result, investors and brokers focused on those glowing prospects and ignored the drawbacks.

Drug stocks are high-quality businesses, but they only make sense as investments if they trade at prices that reflect their risk.

Drugs stocks with a dividend history

If you are adding a drug stock to your portfolio, you may want to consider a drug company that has been paying dividends. We think very highly of companies that have been paying dividends to its investors for at least five to 10 years. Companies can fake earnings, but dividends are cash outlays. If you only buy dividend-paying drug companies, you'll avoid most frauds.

Early-stage drug stocks are highly risky—and especially penny stock drug or biotech stocks. Their limited number of drugs undergoing trials are very likely to fail to reach commercial production. Even then, they could lose out to competitors.

Drug stocks with a strong pipeline

A big source of hidden value is successful research and development spending. These outlays get written off against current-year income, much like their rent and other day-to-day expenditures such as utilities. This accounting treatment depresses current earnings. But if the research turns up anything of value, it adds to long-term profit.

Drug companies with strong research spending and with a wide range of drugs with commercial potential typically offer the best growth prospects.

For instance, look for drug companies with drugs spread across the three research stages:

In the U.S., once a new drug clears the initial testing phase, it must pass the three main stages of clinical evaluation used by the Food and Drug Administration (FDA).

In Phase I trials, a small group of 20 to 80 healthy volunteers is selected to assess the new drug's safety, tolerability and possible side effects.

Phase II trials typically involve groups of 20 to 300 people. These trials assess how well the drug works and continue Phase I safety assessments. When a new drug fails, it usually occurs during Phase II.

Phase III studies are the strictest scientific trials. These are conducted by two or more clinical research centres on patient groups of 300 to 3,000. They aim to compare the drug to the current "gold standard" of treatment. Phase III trials are the most expensive, time-consuming and difficult to design and run.

Look to medical-supply firms for lower risk

If you want to invest in drug stocks, we think you should focus on those that have high cash holdings and a number of drugs in the pipeline as mentioned above. All the better if they have access to fast-growing markets such as China, India and Latin America.

Alternatively, instead of drug companies, consider medical-equipment suppliers. Demand for medical equipment tends to grow, or at least hold steady, regardless of swings in the overall economy. Many of these firms also get recurring revenue, mainly from long-time customers. They also face little competition from generic products, and stand to gain from the aging of the boomers.

Minimize Risk in Aggressive Growth or Speculative Stocks

In the 18th century, pioneering economist Adam Smith said that the public tends to overvalue "speculative ventures." We think this makes excellent investing advice for present-day investors in speculative stocks.

When a speculative stock is losing money, it has a great deal of freedom to ponder its future. With a little imagination, it can always show that anything's possible, based on a logical series of events that it says will take place as it advances inevitably toward profitability. Meanwhile, it doesn't need to worry that its price-to-earnings, or p/e, ratio is too high, since it doesn't have one—it has no "e."

When a former money-loser finally starts making money, however, the handcuffs go on. Suddenly this speculative stock has a p/e, probably one that is sky-high. Inevitably the analysts (like us) then start calculating how fast it needs to grow to justify its current stock price, let alone go higher.

Meanwhile, the company's management has to look at dull, non-uplifting matters like production, costs and deliveries, rather than ramble on about how wonderful things will be in a few years. Then too, once a company becomes profitable, it faces a new risk: the unexpected earnings downturn.

Of course, we do sometimes recommend stocks that have not yet begun making money, mainly in our advisory for more aggressive investing, *Power Growth Investor*. As long-time readers know, we have had some standout successes, including speculative stocks taken over at a rich premium.

Trying to sell before the death spiral goes too far

Looking at things more generally, however, you need to recognize that the odds are against you when you invest in companies that are not yet making money. Some if not many of these companies will never make any money.

When investors come to realize that a money-loser they own is unlikely to advance into the ranks of the profitable, they generally sell in a hurry. When that happens, the price of the abandoned stock can drop way faster than that of a money-maker that is simply having a bad quarter or two. The drop in the money-losing stock is also much more likely to be permanent.

This drop in speculative stocks is always a bigger risk when the markets are volatile and investors are skittish. Their readiness to sell can set off a death spiral in speculative stocks that have been around for a few years but have failed to achieve profitability.

Under those circumstances, it is probably best to sell disappointing speculative stocks before the spiral has gone too far.

Four speculative stock investing tips

1. **Limit speculative holdings to 30% of your overall portfolio.** Because aggressive stocks expose you to a greater risk of loss, we recommend limiting your aggressive holdings to no more than about 30% of your overall portfolio. That number can vary. Ultimately, the percentage of your portfolio that you should hold in either conservative or aggressive investments depends on your personal circumstances and risk tolerance. An investor with a longer time horizon or without the need for current income from a portfolio can invest more money in aggressive stocks. But we think 30% is a good rule of thumb.

2. **Focus on investment quality when looking for aggressive stocks with the potential for higher returns.** When we look for aggressive investments, we zero in on companies that have established a business and have at least some history of building revenue and cash flow. We also look for companies that stand to benefit as the economy continues to improve, and have proven management and long-term growth plans. That's very different from so-called concept stocks, many of which are start-ups or companies that look to profit from next week's or next year's investor fad. These companies can generate big returns in a good year. In the long run, though, they are likely to cost you money.

3. **Diversify your aggressive investments:** As with your more conservative holdings, we recommend that you cut your risk by spreading your aggressive holdings across the five main economic sectors (Manufacturing & Industry; Resources; Consumer; Finance; and Utilities). Your emphasis may diverge. In the search for greater gains, you may choose to invest more heavily in Manufacturing and Resources, the two riskiest sectors. If so, take care to spread your money out across the many industries within each of these sectors. That way, you protect yourself from an unforeseeable industry downturn.

4. **Downplay speculative stocks in the broker/media limelight:** That limelight fosters bloated investor expectations. Stocks that are talked up like this may seem like ideal candidates for big gains, with lots of investors getting on board. But when stocks fail to live up to those expectations, brutal downturns follow. Applying that aspect of our conservative philosophy to an aggressive portfolio leads us to stay out of most new issues. That's because most new issues come to market when it's a good time for the company or insiders to sell. That's rarely a good time for you to buy.

The Difference Between Growth Stocks and Momentum Stocks

It's all too easy to confuse growth stocks with momentum stocks. Momentum investors focus on growth stocks, but they want to hold only while prices are rising. They don't mind paying a high price, because they plan to sell as soon as the rise begins to falter.

Momentum investors are particularly keen on the so-called "positive earnings surprise." That's when a company outdoes the earnings estimates of brokers.

Momentum investors see a "negative earnings surprise" (or lower-than-expected earnings) as a sell signal. They use a number of formulas to make buy and sell decisions, but all come down to "buy on strength and sell on weakness." So they tend to pile into the same stocks all at once, and the gains that follow are something of a self-fulfilling prophecy.

The trouble is that when the stock's rise falters, momentum investors also try to get out as a group, but there are never enough buyers. That leads to violent fluctuations in the stock's price.

Profit From the Difference Between Growth and Momentum Stocks

To get the maximum reward from rising stocks, it's essential to pick stocks with clear growth prospects and not simply momentum stocks with uncertain futures.

Understanding two fundamental factors will help you select the growth stocks with the best prospects—and avoid mistakes that can kill your profits:

Know the difference between momentum stocks and growth stocks

It's very easy to confuse growth stocks with momentum stocks. Like growth stocks, momentum stocks often move up faster than the market average. But momentum stocks attract a different kind of investor. Growth-stock investors are in for the long haul, while momentum investors aim to profit from short-term trades.

Value stocks can lower your portfolio's volatility

Most successful investors will hold some growth stocks and some value stocks at any given time, depending on where they discover the best opportunities.

Value stocks are stocks trading lower than their fundamentals suggest. They are perceived as undervalued, and have the potential to rise. Many technology stocks, for instance, start out as growth stocks and transition into value stocks.

Together, growth stocks and value stocks can form a winning combination. A growth stock can be a top performer while the company is growing. However, a single quarter of bad earnings can send it into a deep, though often temporary, slide. Value stocks can test your patience by moving sluggishly for months, if not years. But they can make up for it by rising sharply when investors discover their true value.

Take a Broad View When Looking for Growth Stock Picks

When considering specific investments and buying or selling growth stock picks start by putting all the important information we know about a company into perspective. That new invention may be a marvel, but how does it compare to what the competition is doing? The new project sounds impressive, but how much impact will it really have on the company's profit? The debt sounds high—will the company be able to keep up its agreed-upon interest and principal repayments?

Financial ratios can mislead

Investors intuitively understand that ratios can be misleading, but they often find this knowledge hard to apply when they are looking for strong growth stock picks. You can tackle the job with financial ratios, but the answers you get can be ambiguous, if not misleading.

For instance, if a company takes on a large debt, you can test how big a burden it will be by calculating its interest coverage. To do that, you divide its yearly earnings before interest and taxes by its yearly interest costs. The higher the number, the better. If earnings before interest and taxes are 10 times bigger than its interest cost, it can suffer a big earnings downturn and still keep up its interest payments. If its earnings before interest and taxes are 1.0 times its interest cost—equal to its interest costs, in other words—it has no margin of safety. Any earnings downturn will leave it short of cash to cover its interest.

Unusual conditions can skew your view of a company's prospects

But things are never quite so simple. The latest earnings for your chosen growth stock may reflect unusually favourable or unfavourable conditions. This can make the company look safer or riskier than it really is. In addition, the company may put the funds it borrowed to immediate profitable use, increasing its earnings and its ability to pay interest. It may plan to sell assets to reduce debt, or cut costs to increase earnings.

The debt/equity ratio is another way to assess the company's financial condition. The conventional idea used to be that a debt/equity ratio should be less than 1.0; that is, debt should be less than equity. But the conventional definition of equity only includes capital invested in a company, plus earnings that were retained in the business rather than paid out.

For many companies today, including growth stock picks, this is not a particularly accurate way to look at things. That's because the company's main value is in assets that it built out of a tiny asset base. In cases like this, it may make more sense to compare a company's debt to the value of all its outstanding shares, or its market capitalization. Market cap tells you what the market thinks a company is worth. It often makes a lot more sense than the equity value that appears on the company's books.

There's no single indicator of a company's value

In the end, there are many things you can do to put the facts about a company into perspective. None are perfect, since all involve a mental balancing act between high and low estimates, history and the future, and faith versus skepticism. Our goal, through our premium newsletters, is to put the information in a form that lets us weed out the extremes—excessively overvalued stocks, and those that are suspiciously cheap.

In the long run, investors make most of their profits in investments that offer good value and an attractive long-term outlook. A company that expands by acquiring other companies may find it hard to offer good value.

What Does Growth by Acquisition Mean, and What are the Risks?

Investors often underestimate the hidden risks of a company that acquires growth by acquisition.

These acquisitions generally come on the market when it's a good time to sell. That may not be, and often isn't, a good time to buy. Insiders and managers at the selling company know a lot more than the buyers about the company itself, and its business strengths and weaknesses.

Some takeovers work out well for the buyers, of course. This doesn't diminish the inherent risk. More important, risk multiplies as takeovers become a habit.

Takeovers are more likely to succeed when the buyer is already a successful company and is under no pressure to buy anything. That way, the buyer can take its time and wait for a truly attractive, low-risk opportunity to come along.

Alimentation Couche-Tard (Toronto symbol ATD) has been careful not to overpay just for the sake of growth. For example, in late 2010, it dropped its $2-billion U.S. hostile takeover offer for Casey's General Stores after competitor 7-Eleven outbid it.

Since then, though, it has done very well by using a growth by acquisition strategy. This includes the successful integration of its 2012 purchase of Norway's Statoil Fuel & Retail gas station chain for $2.7 billion, and the March 2015 purchase of The Pantry, and its 1,500 convenience stores in 13 southern U.S. states, for $1.7 billion.

In August 2016, the company has purchased 279 Esso gas stations in Ontario and Quebec from Imperial Oil for $1.7 billion. The purchase looks like a great fit for Couche-Tard: it's getting all of the prime locations in the Greater Toronto (189 stations) and Montreal areas (50). These are the highest-volume sites. As well, most of the locations in Ontario have a full Tim Hortons store onsite.

Alimentation Couche-Tard's shares have climbed tremendously in the past 10 years, but we continue to see the stock as a buy. If a takeover starts to falter, well-managed companies are likely to cut their losses while there is still some value to salvage.

For example, **eBay Inc.** (Nasdaq symbol EBAY) sold its Enterprise division to a group of private investors for $925 million. It bought the division for $2.4 billion in June 2011. At that time, the division operated under the name GSI Commerce. Prior to that, it was Global Sports Inc.

eBay shareholders forgave eBay for the $1.475 billion misstep because eBay's stock price more than doubled after it bought GSI. For that matter, eBay (a 1998 new issue) has done vastly better than most other Internet mania startups. We only began recommending the stock as a buy in December 2010, 12 years after its new issue debut. Since then, eBay has gained tremendously.

To top it off, eBay set up its PayPal division as a separate company, and spun it off (handed it out as a special dividend) to its shareholders. Spinoffs generally work out well over a period of several years for both the spun-off stock and its parent. We continue to like the long-term prospects of eBay and PayPal, and see both stocks as buys.

Another growth by acquisition example is by our long-time buy recommendation, **Cintas Corp.** (Nasdaq symbol CTAS).

In March 2017, Cintas completed its acquisition of Minnesota-based G&K Services Inc. That firm supplies corporate uniforms and other services. G&K has 165 facilities across the U.S. and Canada.

Cintas paid $2.2 billion, which included the firm's debt. It now expects to reduce overlapping operations and cut between $130 million and $140 million from its annual costs by the end of the fourth year. The company recently announced that it has now converted all G&K operations to its own Cintas operating systems. At the same time the company is upgrading its operations with new enterprise resource planning system software.

The lesson here is that major, successful, well-managed companies do succeed in growth by acquisitions. But they use them as a tool for pursuing a core business, rather than making acquisitions the core of their business.

A growth by acquisition strategy isn't foolproof, even the best managed companies stumble, and fail. The best companies cut the risk by only making takeovers that help expand their core business. They are willing to get out, even at a loss, when they see an exit as the smart thing to do.

When You Invest in Growth Stocks Don’t Give Up on a Rising Stock too Soon

Most investor sayings and clichés have at least a hint of truth. But they can still lead you to make good or bad investment decisions, depending on how you apply them. One of these clichés is very applicable to growth stock investing.

For instance, you’ll sometimes hear investors say that you shouldn’t fall in love with your stocks. This seems to make sense. You should keep an open mind about your investments, rather than falling in love with them and holding them forever, despite any adverse changes in their business or the field in which they operate. However, investors sometimes use this tidbit of advice as a justification for selling a stock that has shot up unexpectedly.

It’s easy to jump to the conclusion that unexpected strength in a stock won’t last. Brokers and TV commentators may advise you to “take some money off the table”—that is, sell all or part of your market-beating stock pick. They may justify this advice by informing you that “you never go broke taking a profit,” and that you can always “buy it back on a dip.”

In fact, unexpected strength in a stock you like is a terrible reason to sell. The stock may be stronger than you expected—you may have under-estimated the growth potential or competitive advantages that led you to like it in the first place.

The danger of selling superstocks just when they’re getting started

Experienced investors can tell you that some of their best stock picks started going up out of proportion to what they expected, and kept outperforming for years. By the time the first significant “dip” or setback comes along in a stock like this, it may have tripled.

Remember, no one can predict which stocks will be average performers, which will be losers, and which ones will turn into the superstocks that wind up rising five-fold, 10-fold or more. You may avoid some temporary losses if you sell every stock you own that goes up faster than you guessed. But do that, and you will also sell any superstocks you stumble upon, often when they are just getting started. That could mean that your growth stock investing strategy never pays off as well as it might.

After all, you need a few superstocks during your investing career, to make up for the inevitable losers.

Above all, when a stock you own is unexpectedly strong, resist any impulse you feel to sell, even if you like the idea of “nailing down a profit.” Instead, look at it closely. See if you can find any good reason to sell, apart from the fact that it’s beating your expectations. If you can’t find any good reason to sell, hang on to it. Maybe your expectations are just too low.

Four of Our Favourite Growth Stocks

From *Power Growth Investor*

ALCON INC. (New York symbol ALC) is the world's biggest eye-care company. Specifically, it's the leader in ocular surgical supplies and No. 2 in contact lenses.

While Alcon is based in Switzerland, it is headed by an American, reports its results in U.S. dollars, and gets 40% of its sales in that market.

Swiss pharmaceutical giant Novartis spun off Alcon in 2019. As we've said many times before, spinoffs are the closest thing you can find to a sure thing, regardless of the market's rise and fall.

Independent since 2019, the company produces ophthalmic surgical devices under various brands; that's a rapidly expanding and lucrative market. Alcon also makes contact lenses and ocular health products, which include dry-eye and red-eye treatments, and contact-lens care. Key growth drivers include a consumer shift to disposable lenses from reusable lenses, and a significant population of undiagnosed dry-eye sufferers.

Meanwhile, Alcon spends a high 10% of its sales on research, which makes its ongoing operations appear less profitable than they really are.

The company gives you two exciting ways to profit: first, it offers you exposure to rapidly expanding, worldwide demand for its contact lenses and cataract surgery products; and, two, its global operations and technological leadership enhance the possibility of it attracting a lucrative takeover bid from a rival or a global health-care giant.

All in all, Alcon taps into long-term key trends—an aging population and greater wealth globally. In addition, technological changes make it hard for new entrants to gain significant market share. This all bodes well for the company's share price and for the returns of its investors.

*Alcon is a **#1 Power Buy** for 2025 for Power Growth Investor.*

From *The Successful Investor*

FIRSTSERVICE CORP. (Toronto symbol FSV) has two main businesses: FirstService Residential provides property management services, such as collecting monthly condominium maintenance fees, preparing financial statements, and providing on-site security and property cleaning/maintenance services; and FirstService Brands offers a wide variety of property management services through several franchised businesses, including Paul Davis Restoration, CertaPro Painters, California Closets, Post Home Inspectors, Floor Coverings International and College Pro Painters.

FirstService operates in a highly fragmented industry, so it tends to fuel its growth with acquisitions. It cuts the risk of this strategy by focusing on smaller businesses that expand its market share and geographic reach. As well, many of the former owners continue to run their businesses. That lets FirstService utilize their local knowledge and expertise.

For all of 2025, FirstService's earnings will probably rise 13% to $5.64 U.S. a share, and the stock trades at 30.3 times that forecast. While high, that's still an acceptable multiple due to the recurring revenue from its service contracts and high customer retention rate (about 95%). What's more, the company has little exposure to U.S. tariffs.

The company is also increased your quarterly dividend by 10.0% with the April 2025 payment, to $0.275 U.S. a share from $0.25 U.S. The new annual rate of $1.10 U.S.yields 0.6%.

*FirstService is our **#1 Aggressive Buy** for 2025 for The Successful Investor.*

From *Wall Street Stock Forecaster*

NVIDIA CORP. (Nasdaq symbol NVDA) is a leading designer of 3D-capable video chips; they make video games run more smoothly and appear more lifelike. Nvidia has also adapted its chips for other applications, including artificial intelligence (AI), datacentres and self-driving cars.

Nvidia continues to benefit from strong demand for its AI-related chips. Those include "AI factories," which are datacentres that can train AI programs.

The company also expects strong growth for chips that power robots and self-driving cars. While robotics currently supply just 1% of Nvidia's revenue, sales for these products jumped 72% in the latest quarter.

In the fiscal year ending January 31, 2026, Nvidia's earnings will probably rise 46% to $4.37 a share, and the stock trades at 41.1 times that estimate. That's a high p/e, but it's still acceptable in light of Nvidia's high research spending (9.2% of its revenue in the latest quarter) and market leadership in the AI field. The $0.04 dividend yields 0.03%.

Moreover, Nvidia has added $60 billion to its current share repurchase authorization. It repurchased $9.7 billion of its stock in the latest quarter.

Nvidia is *our **#1 Aggressive Buy** for 2025 for the Wall Street Stock Forecaster.*

From *Canadian Wealth Advisor*

INTERNATIONAL BUSINESS MACHINES CORP. (New York symbol IBM) is one of the world's largest computer firms, with operations in over 175 countries.

In the past few years, IBM has shifted its focus to its more profitable cloud computing, consulting and mainframe businesses. It now gets over 75% of its revenue from its software and consulting businesses.

The company recently announced it plans to build an advanced quantum computer at its datacentre in Poughkeepsie, New York.

Quantum technology uses electrons rather than transistors. As a result, quantum chips can carry out a vast number of calculations simultaneously. That makes them much faster than the chips now powering regular computers.

Called IBM Quantum Starling, this new computer can perform 20,000 times more operations than today’s quantum computers. It should begin operating in 2029.

The technology will run advanced artificial intelligence applications, as well help solve complex problems in fields such as cybersecurity, cryptography and chemistry.

IBM also raised raised your quarterly dividend by 0.6% with the June 2025 payment, to $1.68 a share from $1.67. The new annual rate of $6.72 yields a solid 2.4%. The company has paid regular dividends since 1916 and has increased the annual rate each year for the past 30 years.

*IBM is a **#1 Buy** for 2025 for Canadian Wealth Advisor.*

Conclusion

Growth stocks, by their very definition, should be the mainstay of a stock portfolio that will steadily accumulate wealth over time. The key is to discover those stocks that will grow at higher-than-average rates within their industries, or against the market as a whole, for years or even decades.

That means being able to separate the companies with the best long-term growth prospects from those (often called momentum stocks) that fade after a short period of growth. In this report, you have seen the systematic way we proceed in the search for the best growth stocks to recommend. Financial ratios and other indicators are just the beginning of our research, as we seek to establish a company's prospects for substantial and lasting growth. Great gains can be made in short spurts, but the greatest are made with accelerating growth over time.

You will have a strong selection of long-term growth stocks in your portfolio when you follow our three-part investing program which forms the core of all the advice you get in our newsletters and investment services, and on TSI Network.

1. **Invest mainly in well-established, mainly dividend-paying companies.**
   When the market goes into a lengthy downturn, these stocks generally keep paying their dividends, and they are among the first to recover when conditions improve.
2. **Spread your money out across the five main economic sectors (Manufacturing & Industry; Resources & Commodities; Consumer; Finance; and Utilities).**
   This helps you avoid excess exposure to any one segment of the market that is headed for trouble. Diversifying across the five sectors will also dampen your portfolio's volatility in the long term, without the shrinking in its potential that you'd get if you invest significantly in bonds yielding little more than 4%.
3. **Avoid or downplay stocks in the broker/media limelight.**
   That limelight tends to raise investor expectations to excessive levels. When companies fail to live up to expectations, these stocks can plunge. Remember, when expectations are excessive, occasional failure to live up to them is virtually guaranteed, in the long term if not in the short.

These three investing philosophy principles guide us in every portfolio we manage. Using these three value-investing principles will help protect your money during periods of market turbulence, as well as the trade disruption Canada and the world have experienced this year.

About TSI Network

With over four decades of experience as an advisor, commentator, editor and publisher, Pat McKeough has a long record of determining which stocks are bound to reward investors most.

Over the past two decades he has been the editor and publisher of a growing series of investment newsletters through *TSI Network.* Pat also offers two investment advice services, *Inner Circle* and the advanced *Inner Circle Pro*. Since 1999, he and his team have put his investment approach to work for private clients in his Successful Investor Wealth Management business.

His philosophy is anchored in safety and a balanced portfolio to generate accelerating gains for subscribers and clients. TSI Network now publishes seven newsletters for every kind of investor:

1. ***The Successful Investor***—Pat's flagship advisory continues to be a beacon for Canadian investors seeking growing gains and reduced risk with the best Canadian stocks.

2. ***Power Growth Investor***—If you like the idea of "a conservative approach to aggressive investing", this advisory has Canadian and U.S. stocks with escalating growth potential.

3. ***Wall Street Stock Forecaster***—Your portfolio is much stronger with at least 20% in U.S. stocks—and this special advisory covers the 70 best U.S. stocks for Canadians.

4. ***Canadian Wealth Advisor***—A 'safety-first' advisory offering you the best conservative strategies based on well-established Canadian dividend stocks, ETFs and REITs.

5. ***TSI Dividend Advisor***—In this advisory, our exclusive Dividend Sustainability Ratings® will change the way you look at dividend stocks—and the way you invest in them.

6. ***Spinoffs & Takeovers***—If you'd like "the closest thing to a sure thing in investing," this advisory on spinoffs and other special opportunities is utterly unique.

7. ***The Best ETFs for Canadian Investors***—This ground-breaking publication shows you how to get the best results with ETFs as these investments explode in popularity.

In 2002, Pat founded his ***Inner Circle***, offering investors more personal attention, plus access to his four original publications. Members can ask Pat personal investment questions. They also get his commentaries and answers to questions posed by other Inner Circle Members. In 2017 he launched ***Inner Circle Pro***, an advanced group that receives all seven of his newsletters.

Through ***Successful Investor Wealth Management***, Pat and his team manage over $800 million for individual Canadian investors. Free of comprising ties to brokerages, with no hidden costs or commissions, the team charts an independent course for clients. For the past 18 years the portfolios they manage for clients have enjoyed an uncommonly high annual average return.

You will find more information on all of these services at www.tsinetwork.ca.