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## America's Next Top Growth Stock

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December 24, 2009

Growth stocks are the beauties of the stock world, plain and simple. They're exciting, they have good stories, and they can make you a lot of money.

But for all their beauty, growth stocks are also the *prima donnas* of the market. They can be erratic, they don't always live up to their billing, and they tend to attract a shareholder base that's ready and willing to run at the first signs of slowdown. For those reasons, caution is certainly in order when you enter the world of growth investing.

Fortunately, [The Motley Fool's CAPS service](#) brings us the collective intelligence of a community of more than 145,000 investors and is a great resource for separating the [Jessica Albas](#) from the [Jabba the Hutts](#). Each of the stocks competing for this week's top spot has a market cap of at least \$100 million and grew its earnings per share by an average of 15% or more per year over the past three years. So let's go ahead and meet our contestants.

Company	3-Year EPS Growth Rate	Price-to-Earnings Ratio	<a href="#">CAPS Rating</a> (out of 5)
<b>Ebix</b> (Nasdaq: <a href="#">EBIX</a> )	64%	17.8	*****
<b>Research In Motion</b> (Nasdaq: <a href="#">RIMM</a> )	54%	17.0	***
<b>VMware</b> (NYSE: <a href="#">VMW</a> )	36%	68.1	****
<b>Netflix</b> (Nasdaq: <a href="#">NFLX</a> )	27%	31.5	***
<b>Apollo Group</b> (Nasdaq: <a href="#">APOL</a> )	17%	15.6	**

Sources: Yahoo! Finance and CAPS as of Dec. 23.

### Growth without good looks

Apollo Group has racked up major growth over the past decade-plus thanks to its successful University of Phoenix subsidiary and a thirst for knowledge and advancement in the U.S. However, CAPS members have become skittish about the stock thanks to legal troubles at the company.

During Apollo's fiscal fourth quarter, it took a pre-tax charge of \$80.5 million related to a lawsuit over allegedly shady practices in paying its employees and filing claims with federal student aid programs. Another potentially significant lawsuit over the company's handling of government student loan funds is still in the discovery stage, but could impact Apollo's all-important access to Title IV federal funding. While these lawsuits may turn out to be a passing matter for Apollo, they've made many CAPS members cautious about the company's stock.

Research In Motion just reported [stellar third-quarter results](#), and the company's stock may be trading at a low multiple that was unheard of just a couple of years ago, but the CAPS community isn't sold on the stock's prospects.

Could that low multiple have something to do with the rash of [BlackBerry outages](#) recently? Or is it more related to tough competition from **Apple's** (Nasdaq: [AAPL](#)) iPhone and new smartphone offerings from companies like **Motorola**? Perhaps it's a bit of both, but the stock's three-star rating suggests there are better opportunities out there.

Facing an influx of competition on the digital front, does Netflix deserve to be trading at more than 25 times expected 2010 earnings? Many CAPS members seem to think not. Of course, if [rumors](#) of an **Amazon.com** (Nasdaq: [AMZN](#)) buyout prove to be true, Netflix shareholders could soon be cashing out and leaving the question of the company's prospects to Amazon shareholders.

### Strutting their stuff

While BlackBerry smartphones and Netflix movie rentals are proving uninspiring to CAPS members, the virtualization business at VMware has caught the eye of quite a number. VMware may be the most expensive stock on our list based on trailing price-to-earnings ratio, but many members expect future growth will show that today's price is more than reasonable for the leader in this burgeoning field.

But while VMware's four-star rating should be enough to put it on investors' radar, it wasn't quite enough to allow it to top this week's top growth stock, Ebix.

As is typical of a [Motley Fool Rule Breakers](#) pick, Ebix has shown scorching growth in recent years as it blazed a pioneering course in its industry. Ebix provides software for the insurance industry that allows brokers, underwriters, and agents to manage and access data, making them more efficient and effective. The stock was recently highlighted as a [potential recession-buster](#) by fellow Fool Jordan DiPietro.

CAPS members are no less excited about the stock's prospects. Nearly 700 members have given the stock a thumbs-up, compared with just 21 who think it will lag the rest of the market. CAPS All-Star [nrlbuild](#) added a thumbs-up earlier this month, [saying](#):

I like the fact that this company is a growth story, has a large market opportunity, a track record of capturing market share over the last couple of years, and is relatively small in terms of revenue... they appear to have a lot of headroom. The insurance markets are not going away or getting smaller, and are probably(hopefully) in need of their product.

### Now go vote!

Do you think Ebix has what it takes to be America's next top growth stock? [Head over to CAPS](#) and let the rest of the community know what you think.

*There are a lot of voices offering stock advice, but Nick Kapur thinks that Jim Cramer's is [one voice you shouldn't listen to](#).*

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