



Five Fast Growing Small Companies

By Eric Fox

Despite the [recession](#) and financial crisis, there are still many companies (particularly ones that are smaller and nimbler) that were able to grow earnings and sales over the past few years.

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The results of these growth companies prove that value can be found in any market, and investors just need to keep hunting for companies with revenue streams that are less [cyclical](#), and avoid the companies that make good headlines but not necessarily good investments. (For more, check out [Cyclical Versus Non-Cyclical Stocks](#).)

Life Partners Holdings (Nasdaq:[LPHI](#)) is a financial services company that deals with a very esoteric segment of the insurance business. The company purchases life insurance policies at a [discount](#) to face value and holds them for investment purchases. Life Partners Holdings has grown earnings and revenues at a five-year average annual rate of 61.21% and 45.95%, respectively. The company was just named as the fastest growing small public company by Fortune Magazine.

Universal Insurance Holdings (NYSE:[UVE](#)) is a property and casualty insurance company, which makes its growth performance all the more surprising considering the [soft market](#) in insurance the last few years, and the bleak investment performance in the markets. The company has a portfolio of nearly 500,000 homeowners policies, is concentrated mostly in the South. Universal Insurance Holdings is also one of the largest underwriters in Florida, insuring against Hurricane risk for its customers. The stock is up 103% year to date. (Get to know a little bit about the institutions whose actions help to guide free markets, read [The Rise Of The Modern Investment Bank](#).)

HMS Holdings Corp. (Nasdaq:[HMSY](#)) is in the business of managing the costs of claims in the Healthcare business, helping governments save money by assuring claims are legitimate. Earnings have grown 61% annually on average over the last five years, and are projected to grow by 40% in 2009. This stock may grow even faster if universal health insurance is passed by Congress.

EBIX Inc. (Nasdaq:[EBIX](#)) sells e-commerce and claims management software to insurance companies to help them increase efficiency and save costs. EBIX has grown revenue from \$24 million in 2005, to \$74.8 million in 2008. First quarter of 2009 revenues grew by 40%, and [net margins](#) have doubled from 18-37% over the last three years.

DG Fastchannel (Nasdaq:[DGIT](#)) provides digital services to advertisers that allow them to distribute content over television and radio. The company has seen revenues go from \$68 million in 2006, to \$157 million in 2008. The stock has done well during 2009, and is up 50% through the year.

The Bottom Line

Many companies have grown earnings and sales through the bleak economic landscape that we are currently in. Investors who invest in growth should use this list as a starting point to find ideas for their portfolios.

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