



3 Top Growth Stocks to Buy and Hold

Description

Are you afraid to invest in growth stocks because you think that they're very risky? While every stock is somewhat risky, there are growth stocks in the Canadian market that have produced superior returns over a long period while being not too risky that are also reasonably priced.

I suggest you three growth stocks that meet those criteria: **Constellation Software** ([TSX:CSU](#)), **Waste Connections** ([TSX:WCN](#))([NYSE:WCN](#)), and **CCL Industries** ([TSX:CCL.B](#)).

Constellation Software

Constellation Software is an international provider of market-leading software and services to a number of industries, both in the public and private sectors.

Constellation was founded in 1995, and since then has grown fast through a combination of acquisitions and organic growth. It now has over 125,000 customers operating in over 100 countries around the world.

After years of fast growth, Constellation's shares have risen to astronomic levels, reaching a price as high as \$1,1134.30 on July 19. The stock's compound annual growth rate of return (CAGR) over 10 years is 44%, which is very high.

However, while the year started strong for Constellation, its shares plunged by 13% in the last three months. The latest quarter has somewhat disappointed investors because revenue and profit [growth were lower than expected](#).

Nevertheless, the software company still has high levels of growth left ahead, so I think the fall in Constellation's price is an opportunity to buy shares at a more reasonable price. Its P/E has been high for many years, and is still high at 56.6, but its forward P/E is much lower at 23.3.

In addition, the company pays a quarterly dividend of US\$1.00 per share for a yield of 0.41%.

Waste Connections

Waste Connections is an integrated solid waste services company that provides solid waste collection, transfer, disposal, and recycling services in mostly exclusive and secondary markets across the United States and Canada.

Waste Connections operates in an industry that seems boring, but it delivers [steady](#), impressive results. Since going public on June 1, 2016, shares have risen by 75%.

The waste services company reported an adjusted profit of \$0.65 per share in the second quarter – up 18.2% over the same period last year. Management rose its revenue, earnings, and free cash flow forecast for the year thanks to a positive start to the year and positive pricing trends in the solid waste segment.

The stock's forward P/E is 21.2, which is reasonable for a growth stock.

In addition, Waste Connections pays a quarterly dividend of US\$0.14 per share for a yield of 0.72%.

CCL Industries

CCL Industries is a global speciality packaging company and the largest label company in the world. It employs more than 20,000 people operating over 165 production facilities in 40 countries with corporate offices in Toronto and Framingham.

The stock performance is impressive, with a CAGR of 27% over 10 years. However, shares have plunged over 11% in the last three months. I think this represents an opportunity to buy this steady growth stock on the dip. CCL's trailing P/E is currently 19.8, which is lower than its five-year average of 26.2. Its forward P/E is only 17.6.

CCL reported EPS of \$0.69 and adjusted EPS of \$0.70 in the second quarter – up 9.5% and 2.9%, respectively, from the same quarter a year earlier. Sales increased 0.9% to \$1,264.4 million.

The company pays a quarterly dividend of \$0.13 per share for a yield of 0.89%.

CATEGORY

1. Dividend Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:WCN (Waste Connections)
2. TSX:CCL.B (CCL Industries)
3. TSX:CSU (Constellation Software Inc.)
4. TSX:WCN (Waste Connections)

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