



2 Top Growth Stocks for 2020

Description

Growth isn't easy when the global economy is slowing down and the local economy seems to be on shaky ground. However, there are always opportunities for savvy investors willing to take the time to uncover stocks that are somewhat insulated from the economic cycle.

These companies tend to have track records of double-digit growth and a market opportunity that is so immense that even an economic recession doesn't slow them down. Here are my top two picks for growth stocks that could outperform the market in 2020:

Enterprise software collector

Constellation Software Inc. ([TSX:CSU](#)) has already featured on all the top charts for best-performing growth stock over the past decade. It's on the TSX 30 list this year and has delivered a 50% return over the past year. It's also had a stunning 3,750% run over the past decade.

With that sort of appreciation, it might be fair to assume that the low-hanging fruit has already been picked and the company doesn't have much room for expansion. However, a closer look at Constellation Software's business mode reveals why it has seemingly endless opportunity and could actually benefit from a market downturn.

CSU is a holding company for small enterprise software acquisitions. Think of it like an investment fund dedicated to unique software providers. So long as young engineers keep creating innovative software companies, CSU will always have an opportunity to buy them out and expand its portfolio.

In a market downturn, the company could start seeing better valuations for its acquisitions targets, which could bolster its long-term performance further. That's what makes this such a robust growth stock.

Clinic disruptor

The global healthcare system is screaming out for some disruption. Cloud-based platforms and wireless healthcare services could make the industry a lot more efficient. That's what

WELL Health Technologies Corp (TSXV:WELL) is trying to deliver.

The Vancouver-based healthcare-tech start-up offers a cloud-based platform that helps medical practitioners collect and manage medical records. Recently, the company has also started launching its own tech-enabled clinics that provide doctors a paperless and data-driven environment to offer patients intensive healthcare.

The company now owns 19 clinics, delivers its software service to another 852 clinics and counts [Hong Kong-based property tycoon Li Ka-shing](#) as a principal investor.

The stock is up 170% year to date and 1081% since its listing in 2016. In other words, it's a solid growth stock that could see expansion even when the economy dips and investors pull back from other tech stocks.

Bottom line

I could be wrong, but I expect a market crash and correction in the technology sector over the next year. When the markets collapse, hyper-growth stocks are the first to suffer losses. However, even if I'm right, some growth-oriented technology companies operate in non-cyclical industries that will continue to expand regardless of the state of the economy.

Constellation Software, for example, will find cheaper deals to power its expansion, while the clinics operated by WELL Health Technologies will probably see stable demand regardless of economic conditions. It seems like a great time to add some exposure to them both.

CATEGORY

1. Investing
2. Top TSX Stocks

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:WELL (WELL Health Technologies Corp.)

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