2 Top Growth Stocks to Buy in November

Description

Over the past decade, growth stocks have outperformed value stocks. This is a break from the norm, although it's not all that surprising considering we are in the midst of a record bull run. In such bullish times, growth stocks tend to garner all the attention. On the flip side, they are usually the worst-performing group in a bear market.

Considering the market is consistently hitting new highs, why would one jump into growth stocks now? Not all growth stocks are created equal. The generally accepted definition of a growth stock is a stock that is expected to grow earnings by at least 10% annually. As such, a company doesn't need to achieve outrageous growth rates to fall into this category.

Most importantly, however, there are still plenty of growth stocks that are trading at attractive valuations. These are the growth stocks you'll want to target. With that in mind, here are a couple of stocks worthy of investors' attention.

Park Lawn

Death and taxes — the only two certainties in life. As Canada's only publicly listed owner and operator of cemeteries and funeral homes, **Park Lawn** (TSX:PLC) specializes in the former. Year to date, the company has slightly outperformed as its stock price has gained 16% thus far.

At first glance, the company's current price-to-earnings ratio of 68.83 might seem expensive. However, once you look closer you'll notice the company provides excellent value. It is trading at only 25.72 times forward earnings, which is cheap considering the company is expected to grow earnings by 26% next year.

Park Lawn has a growth-through-acquisition strategy. In a significantly fragmented industry, being a leading consolidator has helped the company post outsized gains. Over the past five years, its stock price has averaged 28% yearly returns. Analysts are unanimous in their coverage on the company, as they rate it a "buy." They have an average one-year price target of $32.85 and a street low of $30, both of which are above today's share price of $28.29 per share.

It is also important to note that Park Lawn is considered a defensive stock. As such, it is more likely to outperform in a recession.

Open Text

A leading software firm, **Open Text** (TSX:OTEX)(NASDAQ:OTEX) is one of the leading enterprise management tech companies. Over the past five years, the company has averaged 11% earnings growth. Moving forward, analysts expect much of the same — 11% average earnings growth over the next five years.

In 2019, the company has only returned 8%, which is far below the company's average. For the first time in years, it is trailing the TSX Index. Slowing growth is a concern. The company is a serial acquirer , and in today's frosty market, it is increasingly difficult to find good deals. Combined with increased competition in the space, Open Text hasn't been able to deploy cash as quickly as it once did.

The good news is that management is remaining disciplined, decreasing the likelihood of making bad deals. Likewise, the company is still expected to grow earnings by double digits. Once again, analysts are very bullish on the company. All eight rate the company as a "buy" and have a one-year price target of $62.69 per share. This implies 19% upside from today's price. Open Text is trading at only 13 times forward earnings, far below the industry average of 33 and below its own historical five-year average of 14 times next year's earnings.

It is also worth noting that Open Text is one of only three tech-listed Canadian Dividend Aristocrats. It has a six-year dividend-growth streak in which it has averaged 15% dividend growth.

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