



Millennial Investors: Buy These TSX Growth Stocks to Build a Lifetime of Wealth!

Description

Although high-growth tech stocks are certainly trading at a premium these days, there is often a reason for it. First, the stocks have either only experienced limited business disruption from the pandemic, or they actually saw business acceleration. Second, many of these stocks are supported by long-term secular business or societal trends (5G, the Cloud, e-commerce, work-from-home, digitization of business operations, virtual reality, etc.).

As such, it's important that even the most conservative investors have some exposure to these "growthier" opportunities. If anything, the pandemic has demonstrated that tech growth stocks are in some ways more defensive than your traditional income/value stocks (REITs, pipelines, and industrials). Here are two **TSX** growth tech stocks that have recently demonstrated why they are great long term stocks to own.

This growth stock is a cash compounder

The first TSX growth stock investors ought to consider for their portfolio is **Constellation Software** ([TSX:CSU](#)). Constellation is actually one of the best performing stocks on the TSX over the last decade. Had you purchased its stock this time in 2010, you'd have enjoyed a nice little 3,406% return over the decade.

On Monday, Constellation demonstrated why this growth stock isn't finished. It announced Q3 results where revenues, net income, and free cash flow increased respectively by 15%, 50%, and 35% year over year.

The company is a cash compounding machine! It produced \$181 million of free cash flow and was able to plow \$123 million into a number of acquisitions in the quarter. This business is incredibly well-managed. For the past 10 years, Constellation has acquired niche vertical market software businesses, invested in them, and then turns them into predictable cash flow generators.

Constellation could really profit out of the pandemic since many SaaS business valuations have declined temporarily. The company has a net cash position of \$389 million, so it is primed to continue

its growth-by acquisition strategy. Buy this TSX growth stock for the long haul and I'll bet you will be happy you did.

This stock has a massive tailwind behind it

Another TSX growth stock that continues to surprise investors is **Lightspeed Pos** ([TSX:LSPD](#))([NYSE:LSPD](#)). Many have thought the pandemic would decimate its hospitality-focused point-of-sales business. Yet, as was demonstrated in its second quarter 2021 results yesterday, [its business couldn't be doing better](#). In fact, its stock had a very pleasant 16% pop as a consequence!

Revenue grew by 62% year over year to \$45 million. Customer locations expanded to over 80,000 locations (up 4% from last quarter). Similarly, its gross transaction volume grew by 57% year over year to \$8.5 billion. Its payments division alone enjoyed over 300% revenue growth. While the company is still not profitable, it did come narrow its adjusted EBITDA loss to only (\$2.8) million. All in, [it was a great quarter](#).

Lightspeed's recurring software payments revenue make up 90% of its overall revenues, so its revenue stream is more reliable than many investors realize. Lightspeed's cloud-based, omni-channel sales systems continue to help merchants navigate and operate through the pandemic. If anything, the pandemic is leading merchants to leave their legacy POS systems and adopt more flexible systems like Lightspeed's.

This stock is not cheap today by any means. However, if you consider that 80% of global merchants still utilize legacy software, there remains a very attractive long-term growth runway, which makes it one of my top high growth stock picks for now — and likely for many years to come.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:LSPD (Lightspeed Commerce)

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Author

robbybrown

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