



Starting a Growth Portfolio? These 2 Companies Can Make You Rich!

Description

Growth stocks are inherently volatile. That means investors will need to ensure that they are capable of seeing large fluctuations in their positions, if holding a growth portfolio is something that is desired. However, there are definitely companies that would be great for newer growth investors to hold.

These are companies that either have a lower beta or those that have already secured a solid position within their industries. In this article, I will discuss two companies that new growth investors should consider for their portfolios.

This company could have made you a millionaire while avoiding volatility

The first company is one that I have written about many times on Motley Fool. **Constellation Software** ([TSX:CSU](#)) is a component of DOCKS, the Canadian response to America's FAANG stocks. Constellation has made its name by acquiring great businesses and incorporating them into its network.

Constellation's IPO was in May 2006, and had you invested around that time, there is a great chance you would be a millionaire by the time you read this article. Constellation has been a very reliable growth stock for shareholders. Its running five-year beta is 0.61, which indicates that it is quite a lot less volatile than the broader market. Constellation has accomplished this feat while returning nearly 8,500% to investors since its IPO.

Although the company has grown a significant amount over the years, its management is still dedicated to growth. Constellation's president Mark Leonard founded the company in 1995 and remains involved with Constellation.

He used to write [annual letters](#) in which he would update shareholders on the company's progress. However, in his final letter, Leonard stated that other companies have tried to copy Constellation's winning strategy. For that reason, he would cease writing letters and would only update investors when a significant event occurs.

This company is a prime example of an outstanding growth stock

If you are looking for an example of a high-growth company, look no further than **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). The company has grown, in recent years, into the leader among online store builder companies. This year, Shopify has even become the largest publicly trading company in Canada.

I have previously written about Shopify's amazing [growth since its IPO](#). To summarize, had you invested \$1,000 on the day of Shopify's IPO, you would have nearly \$38,000 in the stock today. As of this writing, Shopify's year-to-date performance shows a gain of 157%.

In fact, the company placed in the number one spot of the 2020 TSX30, which is a list of the 30 best-performing stocks on the **Toronto Stock Exchange** over the past three years. At the time of publication, Shopify stock had gained 1,043% over that period. That is nearly 600% more than the next best company listed.

Shopify is the epitome of an outstanding growth stock. The company is founder-led, has a great amount of insider ownership, and its business features an ever-increasing amount of recurring revenue. As of its latest earnings report, Shopify ranks second in e-commerce market share worldwide.

Foolish takeaway

If you are looking to build a growth portfolio, I would look for companies that have a long history of market outperformance. Constellation Software and Shopify both have incredible leadership and proven business models. These are two companies that I would turn to, if I were to start building a growth portfolio today.

CATEGORY

1. Investing
2. Tech Stocks

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4. constellation software stock
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TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:SHOP (Shopify Inc.)

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