



3 Canadian Growth Stocks Making People Rich

Description

Most of the time, investors are content with returns in the 10% a year range. That's about what the **S&P 500 Composite Index** has delivered for most of its history, and the **TSX** isn't too far behind. It's not a bad rate of return at all. If you're growing your investment at 10% a year, you double your money in 7.2 years. But it's possible to do *much better* than that. If you take on more risk, you may be compensated with higher returns. In this article, I'll explore three Canadian growth stocks that have delivered vastly superior returns over the last five years.

Constellation Software

Constellation Software ([TSX:CSU](#)) is a [Canadian tech stock](#) that has risen 1,210% over the last five years. It was founded by venture capitalist Mark Leonard, who used his VC background to create a software holding company. Constellation invests in established, profitable businesses, and aims to integrate them with its existing operations. It owns many SaaS companies with businesses and government departments as clients.

Over the years, Constellation has acquired dozens of such companies, powering consistent growth. In its most recent quarter, Constellation grew revenue by 23% and cash from operations by 37%. It did run a net loss in the quarter, but overall, it is a growing company that has delivered enormous value to shareholders.

Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is one of Canada's largest companies. Since going public in 2015, it has risen 3,662% in the markets. That growth in stock price has been backed by growth in the business. Ever since it went public, Shopify has grown its revenue by the high double digits every year. In its most recent full year, revenue grew by 86%; in the most recent *quarter*, it grew by 110%. Shopify had a lucky break in 2020. When COVID-19 hit, many retail businesses were shut down, forcing people to shop online. That led to a surge in sales for online stores like those hosted on Shopify. The

end result was the company posting its best financial results in many years.

Lightspeed POS

Lightspeed POS ([TSX:LSPD](#)) is a Canadian tech stock that has risen 272% in the markets since going public just over two years ago. It started off as a retail payments company and later branched out into online store software like that offered by Shopify. The online store software proved a big hit in 2020. For reasons similar to Shopify's sales surge, Lightspeed's e-commerce revenue soared with the COVID-19 pandemic. It enjoyed strong revenue growth throughout 2020. In the most recent quarter, it delivered the following metrics:

- [Revenue: \\$57.6 million](#), up 79%.
- Gross transaction volume: \$9.1 billion, up 48%.
- Recurring software and payments revenue: \$52.5 million, up 85%.

That last metric is particularly encouraging because it represents revenue that the company has locked in for more than one period. For now, Lightspeed is still losing money, but its EBITDA losses as a percentage of revenue are getting smaller, offering hope that it will soon be able to turn profits much like Shopify did in 2020.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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

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Date

2025/09/13

Date Created

2021/05/18

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