



2 Top TSX Growth Stocks to Buy for the Long Term

Description

Rising interest rates have wreaked some near-term havoc on growth stocks. That said, many believe valuations among growth stocks had become stretched of late. Accordingly, perhaps this selloff was warranted — or at least healthy.

In this current environment, many investors may feel cornered. A growth-to-value rotation may entice some money to move away from growth stocks into more defensive names. However, there are still pockets of reasonably priced growth stocks in the market today.

Here are two such companies I think fit the bill right now.

Restaurant Brands

We all need to eat, and **Restaurant Brands** ([TSX:QSR](#))([NYSE:QSR](#)) is there to oblige. The Canadian fast-food behemoth has been a [historical winner](#) from a growth perspective. However, the pandemic has poured some cold water on near-term growth.

The company's Tim Hortons banner has been under pressure in this environment. Pandemic-related restrictions have hampered revenue and earnings for this particular banner. That said, the company's Burger King and Popeyes Louisiana Kitchen franchises have done extremely well of late.

Investors thus have an intriguing pandemic reopening play in this growth gem. When the economy fully reopens in North America, I expect to see some pretty impressive numbers from Restaurant Brands. Vaccine rollouts are accelerating, making this thesis stronger by the day.

Currently, Restaurant Brands is focusing on working out its operational inefficiencies and developing innovative expansion plans. In my view, if the brand can execute its strategy well, this stock could excel in the long term.

Shopify

Another gem of a growth stock for the long term is **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)).

This top tech stock has been the most consistent growers on TSX of late. Moreover, its attractive financials continue to charm long-term investors.

Shopify's recent quarterly annualized revenue growth of 110% speaks to this. The company's strong 14% GMV growth also paints a rosy picture of Shopify's current financial standing.

As far as Canadian growth stocks go, Shopify stands heads and shoulders above the crowd. The company's overall positioning in its core e-commerce market is world class. And thought leaders such as Cathie Wood have recently jumped on the Shopify train. She's compared Shopify's business model and growth potential to that of **Amazon** — not a bad comparison, indeed.

I think this stock is perhaps the best Canadian tech option for long-term growth investors today. Yes, Shopify's valuation is in the nosebleeds. However, as we've seen with other hyper-growth stocks of late, stocks like Shopify are expected to grow into their valuation. I think the company can do this long term.

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TICKERS GLOBAL

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:QSR (Restaurant Brands International Inc.)
4. TSX:SHOP (Shopify Inc.)

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