



3 Top TSX Growth Stocks to Buy in December 2021

Description

Investing in growth stocks is one way you can accelerate your journey to financial independence. However, over the past couple of weeks, [growth stocks](#) have been struggling to gain ground. One reason for this is the uncertainty around interest rates. It's expected that interest rates will increase, making it more difficult for companies to borrow money and grow in the future. In addition, there's uncertainty relating to the new COVID-19 variant. Because of these two factors, institutional investors are hesitant to put money into growth stocks.

However, if you're capable of stomaching some short-term risk, this situation provides you with excellent entry points. In this article, I'll discuss three top **TSX** growth stocks that you should consider buying in December 2021!

The face of Canadian growth stocks

In my opinion, there's no growth stock on the TSX that has a more attractive risk-to-reward ratio than **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). The company is valued around \$227 billion, making it the largest company in the country (by market cap) by a long shot. This is also where Shopify's risk comes in. It's unclear how much future growth is already baked into Shopify's stock price. If investors are already assuming a certain amount of growth over the next few years, investors could see little appreciation in Shopify stock for the next while.

However, in terms of its financials, Shopify's growth rate remains very impressive. Over the recent Black Friday-Cyber Monday weekend, Shopify stores recorded [US\\$6.3 billion in total sales](#). That represents a 23% increase compared to last year's numbers. Over a longer period, we can look to its latest earnings presentation. There, Shopify reported a 46% year-over-year increase in Q3 revenue. Shopify is a generational stock that Canadians should heavily consider adding to their portfolios.

A rough patch for this top stock

There are very few, if any, growth stocks that manage to become major winners without ever

experiencing a major downturn. For example, take a look at **Amazon**. After the Dotcom bubble, Amazon stock fell around 90%! However, investors that bought at the peak of that event would have still seen more than a 3,000% gain since. Although it's hard to say whether **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) will be able to generate similar returns, I don't think investors should give up quite yet.

Coming into this year, Lightspeed was one of the most popular growth stocks on the TSX. After hitting its lower point during the 2020 market crash, Lightspeed stock rallied more than 1,200%! However, after a short report focusing on the company was released, Lightspeed stock has fallen more than 60%. The company continues to increase its presence within the retail space and is growing its revenue at a very impressive rate. There's no doubt that Lightspeed stock is struggling today. However, this could be a very interesting entry point.

A reliable winner

If you're interested in a blue-chip company that has managed to produce outstanding returns for more than a decade, consider **Constellation Software** ([TSX:CSU](#)). Unlike many of the top tech stocks, Constellation's business isn't very flashy. Its business doesn't hit many of the buzzwords you commonly hear in the tech sector (e.g., *e-commerce*, *cloud*, *AI*). Instead, Constellation focuses on acquiring vertical market software companies and helping them become great businesses.

Since its IPO in 2006, Constellation Software stock has gained more than 11,600%! If you were lucky enough to invest \$10,000 into the company in October 2007 or earlier, you would be a millionaire today. Despite having already grown so much, Constellation stock's growth rate continues to impress. Over the past year, Constellation Software stock has gained nearly 32%. That almost doubles the performance of the broader market. This is a company that has proven time and time again that it has what it takes to succeed.

CATEGORY

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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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