



Here's My #1 Canadian Growth Stock Pick to Buy for 2022

Description

Young investors arguably have one of the greatest edges over their older, wealthier peers. They have a long time horizon and the ability to wait for trades or investments gone wrong to bounce back. They can afford to make mistakes! Retirees or those close to retiring simply can't take the same magnitude of risks, as they don't have nearly as much time to wait for recoveries or make it back in other high-upside opportunities.

Indeed, young investors should seek to take risks with their TFSA (Tax-Free Savings Accounts) as long as they're given a high chance at an elevated reward. At the end of the day, it's all about balancing one's risk/reward. Indeed, one can take risks too far, which is not at all ideal for a tax-free account like the TFSA, given losses realized in one can be used to offset losses in a non-registered account, or an account whose gains are not free from CRA taxes.

Take **Bitcoin**, **Ether**, **Shiba Inu**, **Dogecoin** or any other crypto asset that's taking the world (or WallStreetBets) by storm. Yes, they can have a lot of momentum behind them. But often, by the time new investors hear about them, the easy money has already been made, and they could be closer to a peak than the middle of the cycle. Indeed, they've already missed the early run.

Take smart risks that offer solid risk/reward!

Crypto may be the new millennial gold. But it's hard for most to understand. Without a firm understanding of an investment, one is more likely to throw in the towel once the price goes down. If you have [conviction](#) in an investment and wish a stock or token would fall so you can buy even more, only then would I get into an asset to begin with. Unless, of course, you're just looking to trade or speculate and can afford a quick loss!

Young investors should take risk, but smart risk. Personally, Bitcoin is too volatile a play for me to dub as a smart risk. Sure, there's upside, but the downside risks are potentially unfathomable. What's stopping the asset from plunging 60%, 90%, or even 99%? I'm not so sure, given the asset isn't backed like equities are!

Investors: Reach for the stars with this top stock pick

In this environment, profitable growth could be crucial to success in 2022. Think **Constellation Software** ([TSX:CSU](#)), a diversified software company that I like to view as a large private equity-like firm focused on the tech sector. Undoubtedly, Constellation has had an impressive run, blasting off over 265% over the past five years. The momentum is remarkable, and the valuation is quite stretched. As the firm nears the \$50 billion market cap mark, its growth streak could come under question.

Still, I think CSU stock will continue flying higher in a steady fashion. The stock is the epitome of "smart beta," with low volatility, strong long-term momentum, and enviable earnings-growth prospects. The management team is among the smartest in Canada, and the stock rightfully deserves a premium multiple. In recent weeks, the stock has sunk around 9%. I think the near correction is an excellent buy for investors looking to reach for the stars without putting too much of their principal at risk. Constellation is a TSX 60 stud, and it's been [resilient](#) in the face of the recent growth-focused selloff.

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