3 Top Growth Stocks to Add to Your Portfolio Now

Description

Growth stocks in Canada and the United States have been on a steep decline ever since November 2021. Tightening monetary policy, rising interest rates, and the Omicron variant are putting into doubt the sky-high valuations of many top growth stocks. While it is ugly out there, there are also some amazing opportunities.

Warren Buffett once said, "Whether we're talking about socks or stocks, I like buying quality merchandise when it is marked down." Quality growth stocks only go on sale every so often. When they are discounted, investors need to jump.

Buy top growth stocks in the bargain bin

I can't tell you when these stocks will bottom. It could be in a few days, or it could be a month. However, if you have a long-time horizon and pick stocks in high-quality growth businesses, you have a great chance of making money. In fact, buying growth stocks at a discount helps provide a very attractive opportunity to acquire upside. Here are three growth stocks that are starting to look very attractive right now.

Nuvei: A high-growth TSX stock

Nuvei (TSX:NVEI)(NASDAQ:NVEI) is down over 50% since October 2021. The company got hit with a short report that triggered a rapid drawdown in the stock. The report was largely baseless towards Nuvei's current operations, but the damage was done.

Since its initial public offering (IPO) in 2019, Nuvei has been growing revenues by over 50% a year. EBITDA has been growing even faster at over 80% a year. As Nuvei has scaled its versatile payments platform, it also is seeing margins increase as well. Today, EBITDA margins are over 40%, but it has a long-term target of 50%.

Despite the decline, this stock is still not cheap at 10 times sales. However, that is the cheapest it has trades since its IPO. Nuvei is one of Canada's fastest-growing public companies. While higher risk, it looks interesting today.

TELUS International

Another recent IPO trading on sale right now is **TELUS International** (TSX:TIXT)(NYSE:TIXT). Today, this growth stock is actually trading about 10% below its IPO opening trade price.

The company is very well positioned as a leading supplier of digital customer experience services. It has a unique focus on artificial intelligence and data management services that are fueling strong growth. Some of its top clients include Google, **Barclays**, and **Meta Platforms**.

So far, in 2021, it has demonstrated strong performance. It expects to close the year growing revenues, adjusted EBITDA, and adjusted earnings per share by at least 37%, 36%, and 30%, respectively. Growth out of the pandemic may taper somewhat. Yet the digital transformation of businesses across the globe should be a long-term tailwind for growth ahead.

Enghouse Systems

Enghouse Systems (TSX:ENGH) is the slightly more value-focused growth stock of these three. Over the past 10 years, this stock has delivered a compounded annual growth rate of 21%. That is a 578% return. The company enjoyed an impressive year in 2020, when it saw extremely high demand for its video conferencing services.

That demand normalized, and Enghouse has faced challenging comps in 2021. Likewise, elevated valuations have slowed its pace of acquisition growth. However, the company continues to be very profitable, and it is pursuing new organic growth channels.

This growth stock has approximately $200 million in net cash on the balance sheet. With tech valuations declining, Enghouse should add more acquisitions this year. The stock has an enterprise value-to-EBITDA ratio of 13. This is the lowest it has been in the past five years. You may need to be patient, but this stock could catch a strong bid if growth starts to recover.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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2. NYSE:TIXT (Telus International)
3. TSX:ENGH (Enghouse Systems Ltd.)
4. TSX:NVEI (Nuvei Corporation)
5. TSX:TIXT (Telus International)

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