



2 Top Canadian Growth Stocks I'm Very Bullish on Right Now

Description

This year has had a trying start for many investors. Markets are rocky, with growth stocks generally being hit hard by various macro catalysts. With inflation soaring, and the 10-year U.S. Treasury yield just surpassing the 2% level, investors are on guard for what could be a bumpy ride in 2022.

That said, it's not all doom and gloom out there. Valuations are down almost across the board. However, some of these rather large dips may be buying opportunities for investors looking to get into high-quality growth stocks at better prices.

Here are two of my top ideas right now for investors with this line of thinking.

Top growth stocks: Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is a Canadian tech giant that has a rather noble mission. The company has set out to “democratize e-commerce,” providing an e-commerce platform for small- and medium-sized businesses to set up online stores.

Prior to Shopify, setting up an online store in a matter of hours wasn't a thing. Large corporations had to set up entire teams to do this. Now, many large corporations rely on Shopify's easy-to-use technology, rather than setting up their own online stores.

Shopify's platform is used in more than 175 countries by millions of clients. This company's growth rate has been eye-watering, with the pandemic providing a growth boost. However, with restrictions seemingly on their way out, and macro headwinds prevailing, SHOP stock has not performed well.

That said, for long-term investors bullish on the strength of the secular growth trend that is e-commerce, this may be a very interesting entry point.

Constellation Software

Constellation Software ([TSX:CSU](#)) is a company with a relatively simply business strategy. The software company acquires small-scale starts and holds them for the long term.

As Constellation's name suggests, this company is a conglomerate of various software-related businesses. The company has six operating segments: Volaris Group, Harris Computer Systems, Jonas Software, Vela Software, Perseus Operating Group, and real estate Total Specific Solutions.

With this structure, the company has acquired more than 260 startups since its inception. The organization focuses on vertical market software companies and boasts a 10-year average ROIC of 32%.

Competition is rising. But overpaying for organizations makes it difficult for them to generate profits sustainably. Constellation can scale across different verticals, and this is one of its key moats. The company's growth over the years is generally attributed to its acquisitions. That said, Constellation also saw organic growth between 1% and 2% per year over the past six years.

For those who think valuations are coming down in the tech space, this could be a good thing for Constellation. This would mean more options at even better prices to acquire. Accordingly, during times like these, I think Constellation is a growth stock worth looking at.

CATEGORY

1. Investing
2. Tech Stocks

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2. TSX:CSU (Constellation Software Inc.)
3. TSX:SHOP (Shopify Inc.)

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Date

2025/07/07

Date Created

2022/02/13

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