3 Growth Stocks Worth Buying and Forgetting About

Description

Growth stocks have generally outperformed over the past decade or so. Investors who put their faith in interest rates staying low and the macro environment remaining strong have been rewarded.

However, the winds are shifting in financial markets. More investors are seeking certainty over growth. For investors looking at fast-growing stocks, this can mean valuation declines in the face of otherwise strong earnings.

That said, for those taking a long-term view of the markets, here are three great Canadian growth stocks to consider right now.

Top growth stocks: Shopify

One of the top Canadian growth stocks most investors keep top of mind is **Shopify** (TSX:SHOP)(NYSE:SHOP). This provider of e-commerce solutions to small- and medium-sized businesses has absolutely taken off since its IPO. Indeed, despite recent weakness with Shopify stock, zooming out over the long term, investors see a very clear pattern with this growth name.

Now, it's worth noting that Shopify has always been an ultra-expensive stock. That said, this company has begun minting cash, producing cash flow and profits at an incredible rate. Accordingly, Shopify now trades at around 27 times earnings.

For many investors, Shopify's risk/reward tradeoff may be better than it's ever been. That's because this company's numbers remain strong, despite concerns of slowing growth. Those who believe the secular trends underpinning e-commerce aren't likely to slow anytime soon ought to like how this company is positioned right now.

Constellation Software

The share price of **Constellation Software** (TSX:CSU) has continued higher over the long term, with a chart similar to that of Shopify. That's because this company's acquisition-focused rollup strategy in the software space is highly sought after.

An acquirer of smaller, high-growth software companies, Constellation has grown its portfolio to a massive size. Over time, investors bullish on the growth we're seeing in the software space often look to Constellation as a diversified way to play this space. Why buy an ETF when an investor can own one of the best aggregators in this space?

I tend to think that Constellation's outlook remains very bright, despite concerns of rising rates. Yes, valuations will come down in this environment. However, Constellation's ability to increase its cash flows over time and provide excellent returns on invested capital outweigh these concerns.

Restaurant Brands

Finally, we have an interesting growth stock to consider — **Restaurant Brands** (TSX:QSR)(NYSE:QSR). This top-notch fast-food empire is one that's seen impressive growth over the past five years. That said, waning demand for dividend-paying growth stocks, particularly ones that are sensitive to restaurant closures, hasn't helped this stock.

Add to that inflation and margin pressures, and there's a recipe for capital impairment. Such has been the case with Restaurant Brands of late.

That said, I think there's a lot to like about how this company is positioned. Restaurant Brands's core Tim Hortons, Burger King, Popeyes Louisiana Kitchen, and now Firehouse Subs are impressive. Over the long term, I see lots of growth coming outside of North America for this franchise chain.

Indeed, those looking for defensive growth can't go wrong owning Restaurant Brands right now.

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2. Tech Stocks

TICKERS GLOBAL

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

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