2 Growth Stocks to Buy Before a Big Rally

Description

The market continues to trade very weakly, and growth stocks seem to be tumbling the hardest. There are many different reasons for this recent market action. First, there are fears surrounding interest rate hikes and the implications that could have on the stock market. Second, there continues to be conflict in Ukraine, which has lingering effects on the market and commodities. With that in mind, this weak stock market gives investors an opportunity to buy shares at cheap prices. Here are two growth stocks to buy before a big rally.

It’s a good time to buy Shopify

It may be an understatement to say that **Shopify** (TSX:SHOP)(NYSE:SHOP) stock hasn’t had a good year so far. Year to date, the stock has fallen 52%. That’s a far cry from the usual performance investors have gotten accustomed to when it comes to Shopify. In addition to the negative drivers mentioned in the intro, Shopify has been negatively perceived by institutional investors after its latest earnings report.

The reason investors have turned sour on the company is because its management team stated that it expects growth rates to normalize to pre-COVID levels. On the surface, that may sound like the company is regressing. However, looking at the broad picture, it makes perfect sense. Many consumers are returning to in-person shopping, which could slow traffic on online channels. However, it’s undeniable that consumers have become more accustomed to online retail and could be less hesitant to purchase goods online in the future.

As today’s younger consumers eventually become a larger proportion of the global retail customer base, there’s a very good case to believe that e-commerce will continue to grow. In 2021, the global e-commerce industry amounted to nearly US$5 trillion in sales. It’s currently estimated that the industry could grow by 50% over the next four years. If that happens, expect Shopify to be a big contributor, helping businesses of all sizes to operate online stores. Investors have a great opportunity to load up on shares of a generational company.

Turn back the clock on a market favourite

If you were able to invest in **Constellation Software** at its IPO, you could be a millionaire by now. A $10,000 investment made then would have returned more than 2,000%. Although I believe Constellation Software still has a long growth runway ahead, some investors would rather look for the "next Constellation Software".

Fortunately, there's a company that may just be that. **Topicus.com** (TSXV:TOI) has an excellent chance to become the next Constellation Software. The first reason it could become the next Constellation Software is because it operates a similar business. Both companies are acquirers of VMS businesses. The second reason is because Constellation Software actually plays an important role in Topicus's day-to-day operations.

Prior to February 2021, Topicus was a subsidiary of the larger tech conglomerate. Although it now operates as its own entity, six members of Topicus's board of directors are executives from Constellation Software. This gives Topicus the opportunity to lean on a very experienced board, allowing it to avoid some of the crucial mistakes that Constellation Software may have made in the past. I believe an investment today is the same as investing in Constellation Software back in 2010. You're essentially turning back the clock.

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