



Market Correction: 2 Top Growth Stocks to Buy Right Now

Description

[Growth stocks](#), in general, have been trading downwards for most of this year. As a result, many excellent companies now offer discounts of 30% or more. New investors may be wondering, “Why are these companies trading so cheaply? Is it a good time to buy growth stocks right now?”

To answer the first question, the main reason why growth stocks have been falling this year is because interest rates are expected to rise dramatically. In fact, interest rates have already begun to increase. Earlier this month, the Bank of Canada [increased the overnight rate](#) by 0.25%.

There are many consequences that come from an increase in interest rates. First, valuations are depressed. This is because equities are often valued based on a company’s earnings and cash flows. As interest rates rise, that money is seen as having less value. Therefore, companies will be valued lower. This is why many stocks, regardless of whether it’s a dividend or growth stock, have struggled to gain much value this year.

A second consequence of higher interest rates is that it could be harder for growth stocks to borrow money to fund growth. That’s why growth stocks have been hit much more severely than dividend stocks this year.

However, despite these short-term headwinds, I believe that investing in growth stocks is one way investors could accelerate their way to financial independence. In this article, I’ll discuss two top growth stocks investors should buy right now.

Buy this future stock market winner

Topicus.com ([TSXV:TOI](#)) is a very interesting company. Up until February 2021, it was a subsidiary of **Constellation Software**. Like its former parent company, Topicus is an acquirer of vertical market software businesses. However, where it differentiates itself is the fact that Topicus focuses solely on the European tech market. This focus may appear like Topicus is restricting itself in terms of global expansion. However, the European tech market is highly fragmented, which presents a large landscape ripe for acquisition.

Although it now operates as its own entity, Constellation Software still plays a vital role in Topicus's success. Six members of Topicus's board of directors are executives with ties to Constellation Software. This includes Constellation Software's president and founder, Mark Leonard. If Topicus can lean on this very experienced board, then it could avoid some of the crucial mistakes that hinder a young company's growth. This includes some of the mistakes Constellation Software may have made in the past. Topicus is a great company that investors should buy today.

Invest in the e-commerce industry

Goodfood Market ([TSX:FOOD](#)) also presents a very interesting opportunity to investors. It's an online grocery and meal kit company, which operates out of all 10 Canadian provinces. It's estimated that Goodfood holds a 40-45% share of the Canadian meal kit industry.

This is perhaps one of the fastest-growing companies in Canada. In 2016, Goodfood reported \$3 million in sales. In 2021, the company posted a total revenue of \$379 million. That represents a CAGR of 163% over that period. Goodfood also now operates out of 14 facilities compared to the one facility it had in 2016.

The next step in Goodfood's business plan is to bring on-demand services to its customers. That would allow customers to receive orders in as little as 30 minutes. As e-commerce continues to increase in penetration, I expect Goodfood to continue to grow. Its share price should follow in time.

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