



3 TSX Growth Stocks You Should Hold for the Long Term

Description

If you're hoping to find stocks that can return many multiples upon your original investment, then it's imperative that you focus on growth. Unfortunately, it can be much more difficult to assess growth stocks. This is because the underlying businesses tend to face a lot more hurdles than a more established company would. This often results in a very volatile stock. However, if you're able to stomach the volatility and hold positions over the long term, you could see massive gains.

Look for industries with strong tailwinds

To become a successful growth stock investor, you must be able to identify industries with a lot of growth potential. One way to do this is by finding industries with strong tailwinds. For example, consumers are continuing to shift towards e-commerce. As this shift in consumer behaviour continues, companies operating in that space should see a lot of growth.

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) is a clear leader in this space. It provides merchants of all sizes with a platform and many of the tools necessary to operate online stores. What separates Shopify from its peers, offering the same service, is its ability to accommodate the needs of first-time entrepreneurs and large-cap enterprises alike. Shopify's monthly recurring revenue has grown at a CAGR of 41% since Q4 2016.

This stock is currently trading at a discount of 65% from its all-time highs. That gives investors an excellent opportunity to accumulate shares for cheap.

Consider this small-cap stock

Generally, when investors look for growth, they turn to [small-cap stocks](#). There's a reason for that. Smaller companies tend to grow at a much faster rate than larger companies. That's the theory behind the law of large numbers. Take **Goodfood Market** ([TSX:FOOD](#)) for example. It's currently valued at a market cap of about \$198 million, and its business has grown very quickly over the past few years.

In 2016, Goodfood reported \$3 million in total revenue. [Last year](#), the company's revenue totaled \$379 million. That represents a CAGR of 163% over that period. This growth was driven by a large increase in its service area. In 2016, Goodfood was only present in one Canadian province. Today, it's present in all 10 provinces. Goodfood aims to attract more customers, thus gaining more revenue, by offering same-day and express deliveries in its major markets.

This stock is following a winning playbook

It's very rare to find a smaller company that follows an already proven playbook for success. However, that's exactly what we have when it comes to **Topicus.com** ([TSXV:TOI](#)). Up until last year, Topicus was a subsidiary of **Constellation Software**. Like its former parent company, Topicus is an acquirer of vertical market software companies.

Although it now operates as its own entity, Topicus is still very much influenced by Constellation Software. Six members of its board of directors are executives with ties to its former parent company. This includes Constellation Software's president Mark Leonard. If Topicus can lean on this wealth of experience, it could have a solid chance to become a massive stock market winner.

CATEGORY

1. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:FOOD (Goodfood Market)
3. TSX:SHOP (Shopify Inc.)
4. TSXV:TOI (Topicus.Com Inc.)

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