3 Growth Stocks I'm Buying While Valuations Are Deflated

Description

We're in June now, but the story has been pretty much the same for most of the year. Growth stocks continue to underperform. One reason this is happening is because of rising interest rates. As those rates continue to climb, it makes it increasingly harder for companies to grow. There are also rumblings about consumer spend tightening, which is causing investors to back away from the stock market, leading to incredible selling pressure.

All of this to say, investors seem to believe that buying growth stocks would be a bad idea today. I disagree. Although it's important for investors to understand the type of economy we're living in today, I believe this is an excellent time to be buying shares of growth stocks. Some of the most popular growth stocks are trading at attractively low valuations. In this article, I'll discuss three stocks I would take advantage of today.

This is still one of the best growth stocks

If I could only buy one **TSX** growth stock for the rest of the year, it'd likely be **Shopify** (TSX:SHOP)(NYSE:SHOP). Yes, this stock has fallen a significant amount over the past year. However, that doesn't change the fact that it's accomplished something that few Canadian companies have been able to do. Establish a dominant worldwide presence. Shopify is a leader in the global e-commerce industry and shows no signs of letting up.

Over the course of the pandemic, Shopify saw its business boom. A lot of that may have been as a result of the widespread lockdown restrictions which forced in-person shopping to pause. However, if we've learned anything over that time, it's that consumers welcome the option to purchase merchandise online. I will concede that Shopify may struggle over the next year, especially if consumers decide to spend less on discretionary items. However, looking at it from a long-term perspective, it's hard to dispute Shopify's growth potential.

A mid-cap stock for your portfolio

If you're interested in a smaller company with tonnes of growth potential, then consider **Topicus.com** (TSXV:TOI). Topicus is an acquirer of vertical market software businesses. There are two things that differentiate this company from its peers. First is its focus on the European tech industry. This provides Topicus with a clear landscape to focus its operations on. Second is its close ties with **Constellation Software**, one of the most successful Canadian tech companies ever.

What investors need to keep in mind is that any single acquisition could hinder Topicus's growth if it's poorly executed. However, with Constellation Software providing the company with guidance, Topicus has a great chance of avoiding such catastrophic mistakes.

This company is a true powerhouse

Finally, investors should really consider buying shares of **Brookfield Renewable Partners** (TSX:BEP.UN)(NYSE:BEP). Brookfield Renewable is one of the largest players in the global renewable utility industry. It operates a diversified portfolio of assets capable of generating more than 21 GW of power. Upon the completion of its current construction projects, the company expects to more than double its current generation capacity.

Over the coming decade, I expect the global renewable utility industry to grow a significant amount. Companies and governments around the world are continuing to shift towards renewables, as a response to climate change. That creates a very good environment for Brookfield Renewable to operate in.

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
4. TSX:SHOP (Shopify Inc.)
5. TSXV:TOI (Topicus.Com Inc.)

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