



2 Growth Stocks to Buy and Hold Through H2 '22

Description

The growth trade has soured in a big way, thanks partly to the Federal Reserve and Bank of Canada rate hikes and growing fear that a recession is underway. It's scary, as financial pundits forecast a global downturn. Thoughts of 2008 and the housing crisis are quick to come up for many investors who remember what it was like to see their portfolios nosedive endlessly into the abyss.

Though a recession is never great for stocks, it's important to remember that every recession is different. And not all of them accompany a 50% crash. The 30% peak-to-trough plunge in the tech-heavy Nasdaq 100 may already be too excessive! The speculative appetite has faded so much in so soon. Nobody knows when markets will bottom. What we do know is that investors can enhance their long-term returns by picking up shares of marked-down merchandise after Mr. Market's latest selloff.

Remember, Mr. Market is an emotional guy. He tends to overreact when punishing stocks. Frequently, shockwaves felt from his markdowns are felt by quality growth companies that do not deserve to fall.

Growth stocks are looking cheap here

We're talking about quality firms like **Constellation Software** ([TSX:CSU](#)) and **goeasy** ([TSX:GSY](#)). Both growth stocks will not be immune from a recession.

That said, odds are high that both names will be a lot higher in 10 years from now. So, if you're a long-term thinker, it's time to consider the following names before the recession arrives, and Mr. Market focuses on rewarding companies ahead of the next bull market.

The bear has been around for around seven months. He'll eventually hibernate again. But if you wait for him to do so, you could miss a huge upside rally, making it vital to be a buyer while pessimism is high, rather than when everybody is ready to deploy cash back into the market.

Constellation Software

Constellation Software is a private equity-flavoured tech stock that investors should not pass up whenever it slips over broader market concerns. Constellation has prudent managers that love to find value in the small- and mid-cap corner of the software scene. Of late, tech (especially small-cap tech and startups) are out of fashion. For Constellation, that means it has an opportunity to make more deals at lower prices. And I think they will, as they look to continue as planned with its proven long-term growth plan.

The stock slipped 24% from peak to trough before bouncing back quickly. Today, the stock is off just shy of 15%. Indeed, the \$2,000 stock seems pricey, with a 79 times trailing earnings multiple. However, given its prudent M&A strategy and the likelihood it'll come out stronger from this downturn, I'm inclined to pound the table. Further, a reverse head-and-shoulders technical pattern in formation bodes well for the stock over the coming weeks.

goeasy

goeasy is an alternative lender that soured alongside most other financial firms over the past year. Consumer debt is creeping higher, and consumers will need to cut back on buying items they don't need. Fortunately, a recession seems to have already made its way into the stock chart. The stock has fallen more than 55% from peak to trough. That's excessive, and it says *recession* all over it.

With a low multiple (11.7 times earnings) and being tech savvy, I expect that goeasy will be right back to powering higher once it becomes clear that [too much pessimism](#) is baked in. Perhaps this could come well before a recession is made official.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:GSY (goeasy Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
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