



## 2 Top Growth Stocks to Buy While They're Still on Sale

### Description

Growth stocks have been beaten up heavily over the past several months. With rates on the 10-year note settling down over the possibility of a more dovish tilt from central banks, there's some hope that the worst performers of the first half could evolve to become one of the best performers over the coming 18 months. Now, there may be a recession in store over such a timeframe. However, with so much negativity already factored in, the most battered of growth stocks may have the means to hold their own and even charge higher once that economic recession finally does set in.

Some bears argue we're already in a recession. While I find that unlikely, given where employment stands today, I certainly would not be surprised if the stock market is already acting as though we're in some sort of mild economic contraction. In any case, we're more than seven months into a bear market in the S&P 500, which sagged as low as 24% from its high. With the TSX Index within striking distance of new highs by year's end, I'd argue that the risk-on growth trade is more than compelling for young and courageous investors willing to do the homework.

At this juncture, I'm a fan of **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) and **Constellation Software** ([TSX:CSU](#)).

### Nuvei

Nuvei is a Montreal-based fintech firm that's engaged in the realm of digital payments. The fintech and payments industry acted as the canary in the coal mine, taking a big hit to the chin around the mid-point of last year. Eventually, the rest of the tech market followed in its footsteps. At writing, Nuvei stock is close to an all-time low at around \$36 and change per share.

That represents a 74% drop from its high. Now, it's doubtful Nuvei will see new highs again over the next two years. A recovery from these depths would imply a triple. That said, I think Nuvei has the means to reward investors handsomely over the long haul, as it looks to partner up and take advantage of merger and acquisition (M&A) opportunities amid the tech wreck.

It's not a mystery that Nuvei has been busy expanding its footprint over the past few years. The firm

scooped up Latin American payments firm Paymentez in the back half of 2021. Such emerging markets could be a source of substantial growth moving forward. The Paymentez deal gives Nuvei direct connectivity to 11 countries within the Latin American region, including Mexico, Peru, and Argentina.

Nuvei hasn't been as active as I'd like in recent months, given the growing number of payments startups that have gone on sale. That said, the firm's balance sheet is sound, with around \$750,000 in cash as of the end of last year.

## Constellation Software

Constellation isn't like most other tech companies. The firm's specialty is in M&A within the Canadian small-cap software space. With every intriguing deal, the stock has found the means to rally higher. Looking ahead, I think shares have their sights set on the stars, as management looks to unload its liquidity position on its next series of deals.

Undoubtedly, private equity and unicorns were exciting in the tech surge of 2020-21. These days, the growth trade has gone out of style in a big way. Higher interest rates and harder credit make it tough on the smaller tech innovators. It's these firms that tend to have disruption in their veins. As such firms become more starved of cash, we could see many of them increasingly willing to become takeover targets. For Constellation, that's a magnificent scenario, as it looks to make the most for every buck.

The stock trades at 6.2 times price-to-sales (P/S), which is [well below](#) the software industry average of nine. With a proven management team that's found a way to outrun the TSX Index over the long run, I'd consider shares on any weakness.

### CATEGORY

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joefrenette

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