2 Growth Stocks Long-Term Investors Should Buy and Never Sell

Description

Admittedly, growth stocks have been in decline for some time. This year has been one of the most unfavourable for growth investors in some time. Companies that focus on disruptive technologies, especially firms that aren't profitable yet, have fared poorly. Indeed, much of this has to do with central banks around the world hiking rates, which adversely affects valuations across the board.

Given the typically higher valuations of most tech stocks, this environment is one that's undesirable to be sure. However, today's lower prices may provide investors with intriguing buying opportunities for high-quality growth stocks.

Two such companies I think are worth a buy right now are **Constellation Software** (TSX:CSU) and **Restaurant Brands** (TSX:QSR)(NYSE:QSR). Here's why.

Top growth stocks: Constellation Software

Recently, Constellation Software provided its financial results for the second quarter (Q2). This earnings release came with a dividend announcement of $1.00 per share, payable on Oct. 11. Thus, for those already in this name, there's some income potential to consider.

That said, most investors don't come to Constellation Software for the dividend. Indeed, even at the company's existing payout rate, investors can expect to receive a yield of only 0.3%. Given where bond yields are right now, it's clear that growth is the main story with Constellation.

Indeed, over the past decade, Constellation's stock chart has been a thing of beauty. Up and to the right is the direction this stock has consistently headed. Much of this has to do with the software conglomerate's roll-up strategy, which involves the acquisition of various vertical software companies in the market.

Given how fragmented this market is, Constellation's runway for growth remains relatively unlimited. Thus, this tech behemoth's valuation remains above average and is likely to remain so.

Growth investors willing to pay for quality ought to consider Constellation in this market. It’s not cheap, but this stock trades this way for a reason.

Restaurant Brands

Restaurant Brands remains one of my favourite under-the-radar growth stocks out there. Indeed, many investors come to this quick-service restaurant provider for the cash flow stability and dividend yield (3.6% isn’t bad). However, it’s Restaurant Brands’s growth prospects that I think are equally enticing.

The parent company of Tim Hortons, Burger King, Popeyes Louisiana Kitchen, and Firehouse Subs already has world-renowned brands. Over time, I expect this company to grow its portfolio of banners, which should provide even more economies of scale.

However, it’s Restaurant Brands’s organic growth profile I think is notable. Same-store sales have started to tick upward, reminiscent of pre-pandemic days when this was the norm. Over time, as the company rolls out its banners in more markets in Asia, I think growth will surprise to the upside. Accordingly, the company’s valuation of only 22 times earnings may prove to be cheap, for those looking for consistent growth alongside a reasonable yield.

Both Constellation Software and Restaurant Brands represent excellent long-term growth opportunities for investors right now. Those looking to invest for the next decade or so may want to consider these names on discount.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:QSR (Restaurant Brands International Inc.)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:QSR (Restaurant Brands International Inc.)

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1. Investing

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