



1 Top Discounted Growth Stock to Buy in This Market Environment

Description

Despite a slowdown in inflation, Canada's inflation rate stands at 7.1% for August. Several economists predict that the Canadian economy will enter a recession by the end of the year. Between the looming threat of a recession, an inflationary environment, and interest rate hikes, the market is already in a precarious position.

As of this writing, the **S&P/TSX Composite Index** is down by 14.45% from its 52-week high. It is natural for most people to be afraid of investing in the stock market right now, let alone consider investing in [growth stocks](#). Risk-averse investors might feel more comfortable investing in Guaranteed Investment Certificates (GICs) for lower but fixed returns, as equity securities across the board appear risky.

However, market environments like these present opportunities for investors with well-balanced portfolios willing to take risks. Making the right investment in such a market environment can position your portfolio to deliver potentially market-beating, long-term returns, even if it means short-term losses. It is a matter of finding the right growth stocks trading for discounts in the current market environment.

Why even consider growth stocks right now?

Investing in safer assets is always the logical approach during harsh economic environments, because they offer you greater protection from the impact of market downturns. Investors tend to steer clear of growth stocks, especially [technology stocks](#), because they are worried about the potential losses during downturns.

Not all technology stocks are fated to be devastated during bear markets. Companies offering essential services in the tech sector can navigate and leverage such markets to become stronger on the other side.

Some growth stocks are discounted purely due to the broader market. If you do not mind making a contrarian bet, there is a Canadian growth stock you can consider adding to your self-directed portfolio

right now.

Constellation Software

Constellation Software ([TSX:CSU](#)) is a \$40.58 billion market capitalization Canadian diversified software company. Headquartered in Toronto, a former venture capitalist founded Constellation Software and operates as a venture capitalist firm in the tech space.

The company relies on a combination of organic growth and strategic acquisition-based growth. It has found immense success by identifying high-potential vertical market businesses, acquiring them, and lending its resources to grow them under its banner.

The company owns a growing portfolio of niche enterprise software providers, with large corporations and government agencies accounting for approximately half its client base. The company's revenue streams are virtually secure due to the strength of its clientele.

It has been profitable, despite the challenging market environment. Constellation Software stock reported a 30% and 43% year-over-year increase in its revenue and net income in its recent-most quarter.

Depressed valuations across the board in the tech sector also open up more opportunities for the company to snap up companies for a bargain. As of this writing, Constellation Software trades for \$1,915.04 per share. Down by 19.73% from its 52-week high, Constellation Software stock can be a bargain for growth-seeking investors at current levels.

Foolish takeaway

Constellation Software is a tech stock that has been around for longer than many others, especially those that led the tech surge in recent years before the industry's latest meltdown. It is a boring business compared to many other tech stocks, but it remains profitable, despite the recent industry-wide challenges.

Constellation Software can be an excellent addition to your portfolio if you are bullish on the tech sector's long-term performance.

CATEGORY

1. Dividend Stocks
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Author

adamothonman

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