



New Investor? Buy These 2 Growth Stocks

Description

I generally advise new investors to either stay away from growth stocks or to keep that portion of their portfolio much smaller. This is because it's a lot harder to assess growth stocks compared to [dividend stocks](#). However, growth stocks are undoubtedly an important aspect of investing. It's also through those stocks that you could build [generational wealth](#).

With that said, in this article, I'll discuss two growth stocks that new investors should consider adding to their portfolios today.

A top Canadian growth stock

Shopify ([TSX:SHOP](#)) is the first stock I would recommend to new investors. Although, it should be noted that the company has been under tons of scrutiny this year. I agree that some of that is warranted. It's impossible to ignore the fact that Shopify's growth rate has continued to slow down, and the company needed to [lay off more than 10%](#) of its workforce this year.

However, despite those struggles, Shopify continues to be one of the most important players in the emerging e-commerce industry. It does this by offering a platform and many of the tools necessary for merchants to operate online stores. Shopify should also be noted for offering a wide range of solutions, such that everyone from the first-time entrepreneur to large-cap enterprises can find a package that works for their business.

Looking at its stock, investors can note that it's fallen 80% over the past year. However, I don't believe that's a good reflection of Shopify's business. In the second quarter (Q2) 2022, Shopify reported a 16% year-over-year increase in its quarterly revenue. That was driven by its monthly recurring revenue, which has grown at a compound annual growth rate (CAGR) of 35% over the past five years. As long as the e-commerce industry continues to grow, I believe Shopify's business should remain strong.

An underrated growth stock

Constellation Software ([TSX:CSU](#)) is the second growth stock that new investors should consider buying today. I recognize that some of the more experienced investors may take issue with me saying that Constellation Software is “underrated.” However, you can’t dispute the fact that most new investors will likely never have heard of this company. This is due to the fact that its business isn’t consumer facing. Therefore, unless you’re in the vertical market software (VMS) industry or a seasoned investor, you’ll likely never have heard of Constellation Software.

This company acquires VMS businesses then gives them the coaching and resources required to become exceptional business units. Since its founding, this growth strategy has proven to be very successful for Constellation Software. In fact, since its initial price offering, Constellation Software stock has grown more than 9,800%.

Year to date, Constellation Software has fallen more than 20%. This is highly uncharacteristic. If you look at its stock performance since its initial public offering, investors can note that this stock has grown at a CAGR of more than 30%. This suggests that investors have an excellent opportunity to pick up shares of an exceptional company.

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2. TSX:CSU (Constellation Software Inc.)
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Date

2025/07/17

Date Created

2022/10/16

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