Buy These 2 Growth Stocks on the Dip

Description

When stock prices dip, investors have an opportunity to grab stocks of companies that are otherwise a bit expensive to dive into. Growth stocks have long been investor favourites since they offer the potential for higher returns down the line.

With the potential for an upcoming recession, continued interest rate hikes, and an ongoing war in Europe, growth stocks seem to be safe investing options. These stocks offer investors the possibility of higher wealth accumulation through capital gains. Here are two popular growth stocks that are currently attractive bets for long-term investors.

Top growth stocks to buy: Constellation Software

Constellation Software (TSX:CSU) is a diversified software company based in Toronto. This tech giant builds, acquires, and manages businesses related to vertical market software. It operates in Canada, the United Kingdom, the United States, and other key markets.

One of the reasons I've continued to be bullish on Constellation from a long-term perspective is the company's business model. Via a growth-by-acquisition model, Constellation has found a way to continue to generate meaningful growth, while improving returns over time. Indeed, this company has one of the best return on invested capital metrics of its peers. Thus, it appears the more companies that Constellation acquires, the better it performs.

Some of this has to do with synergies that the company is able to create over time. Plus, Constellation Software has benefited from the lion's share of its business being in the United States. As a result, the strong U.S. dollar has actually been a tailwind for this company. The rest of the industry, shall we say, doesn't have it as good. Thus, on a comparative basis, I think Constellation looks much more attractive right now.

Constellation stock isn't cheap by any stretch of the imagination. But for investors seeking quality in the realm of growth stocks, this is about as good as it gets right now.

Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) is a global e-commerce company that is also headquartered in Ontario. The company offers an e-commerce platform for online merchants via a range of services like customer engagement tools, payment, marketing, etc.

Despite losing an incredible 70% of its value this year alone, Shopify's previous growth trajectory means this stock is still trading orders of magnitude higher than where it was five years ago. Accordingly, for those who bought SHOP stock years ago and have done nothing, they're still ahead of the game.

Shopify is a company I think of as a truly long-term buy and hold pick. Investors in this company need to be willing to hold through serious volatility, such as what we're seeing now. That said, the future is bright for this stellar growth name.

Market research from BuiltWith shows that Shopify holds a 29% share of U.S. e-commerce websites. Moreover, the company has added approximately 2.6 million online retailers to its platform. Accordingly, Shopify now enjoys a 19% market share in the U.S. e-commerce segment. Now trading below $40 per share, I think SHOP stock looks very attractive for those willing to buy and hold on tight.

CATEGORY

1. Investing
2. Tech Stocks

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2. TSX:CSU (Constellation Software Inc.)
3. TSX:SHOP (Shopify Inc.)

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