



2 Growth Stocks to Invest \$1,000 in Right Now

Description

If you're hoping to create generational wealth, then [investing in growth stocks](#) over the long term would be the best way to go. This long-term mindset is what we recommend that investors embrace, since it allows companies to develop and play out investment theses over time. Investing over the long term also minimizes risk, because business execution is what matters most. In comparison, over the short term, stock prices can be affected by countless factors (e.g., inflation and rising interest rates).

Luckily, the [Canadian stock market](#) offers many outstanding growth stocks. In this article, I'll discuss two growth stocks that investors should consider putting \$1,000 in right now. I believe both of these companies have the potential to generate massive gains over the long term.

This e-commerce stock could still have bright days ahead

If there's one growth stock that excites me, it's probably **Shopify** ([TSX:SHOP](#)). This company needs very little introduction, as many Canadians know it for its e-commerce services. Indeed, Shopify has grown to become one of the largest e-commerce-platform providers in the world. It's unique in that it can cater to everyone from the first-time entrepreneur to large-cap enterprises.

Coming into this year, Shopify was one of the strongest performers on the stock market since its initial public offering (IPO). In fact, in the [2020 edition of the TSX30](#), Shopify ranked in first place. That means that over the past three years, no other TSX-listed company performed better than Shopify. However, since the start of the year, Shopify has struggled to keep up that tremendous performance.

Despite losing nearly 70% of its value this year, I believe Shopify stock still belongs in a growth investor's portfolio. In the third quarter of 2022, the company reported that its revenue had grown 22% year over year. In addition, its monthly recurring revenue, has managed to grow at a compound annual growth rate (CAGR) of 32% over the past five years. With e-commerce still on the rise, Shopify's growth runway remains very long, in my opinion.

A solid tech stock for your portfolio

If Shopify isn't a stock that you can comfortably invest in, then consider a growth stock with a much longer track record. **Constellation Software** ([TSX:CSU](#)) is a company that comes to mind. Founded in the 1990s, Constellation Software held its IPO in 2006. Since then, it has grown into one of the most successful TSX tech stocks, gaining more than 11,300%. That represents a CAGR of more than 30%.

So, what's the secret behind Constellation Software's success? This company is an acquirer of vertical market software (VMS) businesses and it has seemingly found a way to ensure that its acquisitions pay off in the long run. Constellation Software focuses on acquiring solid businesses, that are led by good managers, and have a history of outsized growth. Using that as a framework, Constellation Software then provides the acquired businesses with the resources to become exceptional business units.

Led by its founder and president Mark Leonard, I suspect that Constellation Software could continue to exhibit strong growth over the coming years. This year, Constellation Software stock has fallen about 10% in value. This is very uncharacteristic for this stock and could be a great opportunity for investors to buy shares at a nice discount. Over the past three weeks, Constellation Software stock has already bounced nearly 15%. Don't wait too long or you may miss out on this opportunity.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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

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