2 TSX Growth Stocks I'd Buy and Hold Forever

Description

Amid the expectation of a global economic slowdown, rising interest rates, and concerns over their expensive valuations, growth stocks have underperformed the broader equity markets this year. However, the sell-off in some quality stocks appears to be overdone. Besides, the U.S. Federal Reserve has indicated smaller rate hikes in the coming quarters, thus making these discounted stocks attractive buys.

Growth stocks tend to outperform the industry average, thus delivering higher returns over a longer timeframe. Here are my two top TSX picks, which you can buy and hold forever, given their long-term growth potential.

BlackBerry

BlackBerry (TSX:BB), which specializes in cybersecurity, safety, and data privacy solutions, would be my first pick. The company posted solid second-quarter earnings for fiscal 2023 in September. Its revenue came in at $168 million, in line with expectations, while its net loss of $0.05/share was better than analysts' expectation of $0.07/share. The revenue from its IoT (internet of things) grew by 28% compared to the previous year's quarter to $51 million. However, its revenue from the cybersecurity segment declined by 8% to $111 million.

Noteworthy, the uptrend in its IoT segment could continue as it has secured design wins with top automotive companies, such as Volkswagen, PATEO, and NETA Auto. Additionally, the company could benefit from the ongoing EV revolution. Given its growth prospects, management expects revenue from the IoT segment to grow at an annualized rate of 19.8% through 2027.

Now moving to the cybersecurity segment, BlackBerry has strengthened its product offerings by launching innovative products that provide greater threat identification and remediation capabilities. Amid these growth initiatives, management hopes to grow its segment revenue at a CAGR (compounded annual growth rate) of over 10% through 2027.

Along with topline growth, BlackBerry's management expects its margins to improve while achieving an

operating margin of 20% by 2027. The company could approach breakeven in fiscal 2024 while delivering positive EPS (earnings per share) and cash flows in fiscal 2025. Despite its healthy growth prospects, BlackBerry trades at a 48% discount compared to its 52-week high amid the weakness in the tech sectors. Its NTM price-to-sales multiple has declined to 4, making it an excellent long-term buy.

Nuvei

As my second pick, I have chosen **Nuvei** (TSX:NVEI). The software company helps small- and medium-scale businesses facilitate digital transactions. It supports over 586 alternative payment methods (APMs), thus allowing its customers to accept a wide range of digital payment methods. The increased adoption of online shopping has created long-term growth potential for the company.

Meanwhile, Nuvei has strengthened its architecture and infrastructure to support more transactions per second. It has expanded its product offering in Europe with new product launches. Promisingly, it recently launched "Nuvei for Platforms," which offers a fully customizable solution through a single integration.

Further, Nuvei has received gaming licenses in Maryland and Kansas, thus expanding its market share in the United States gaming market. So, the company's growth prospects look healthy. Management is confident of growing its transactions and revenue at an annualized rate of 30% in the medium term despite the uncertain economic outlook. So, given its long-term growth potential and an attractive NTM price-to-earnings multiple of 14.2, Nuvei could be an ideal stock you can buy and hold forever.

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