New Investor? Buy These 2 Growth Stocks

Description

Financial markets around the world continue to be downward trending. Whether you're an investor in safe, defensive companies or growth stocks, this is a difficult time to traverse the equities space.

Of course, growth investors have had it much harder over the past year. With investors seeking safety, most attention has been paid to companies offering a defensive posture in this market environment.

That makes sense, considering central banks around the world continue to hike rates aggressively. With more economic slowing on the horizon, one might wonder why now might be a great time to buy growth stocks.

Well, for those who think that a soft landing or no landing scenario is achievable, growth stocks may be very attractively priced right now. Here are two such options I think new investors should consider heading into 2023.

Top growth stocks to buy: Boyd Group

Boyd Group (TSX:BYD) is one of North America's largest operators of non-franchised collision repair centres. It is a Canada-based company, operating the Boyd Group Inc. and its subsidiaries.

The company's third-quarter (Q3) report shows continued impressive sales growth along with an improvement in Boyd's sequential quarterly adjusted EBITDA.

The company's revenue has surged by 27.6% to $625.7 million from $490.2 million in the same period in the previous financial year. However, this was slightly affected by Hurricane Ian, with an approximate negative impact of around $2 million in the third quarter.

Adjusted EBITDA earnings before interest, taxes, depreciation, and amortization) increased by 41.8% to $73 million from $51.5 million in the same period of 2021. This also includes $0.5 million from the Canada Emergency Wage Subsidy. To top it off, Boyd's growth profit surged more than 30% to $282.3 million from $215.7 million in Q3 of 2021.

These numbers signal just how strong and resilient Boyd's core business is to current macro headwinds. Those looking forward to 2023 should consider this growth stock a likely winner.

Constellation Software

Constellation Software (TSX:CSU) is a diversified Canadian software conglomerate. The company is listed on the Toronto Stock Exchange and is also a component of the S&P/TSX 60.

Constellation Software has grown to this size for a number of reasons. The company's impressive growth of more than 10,000% since its initial public offering in 2006 is the result of a very impressive consolidation strategy within the software space. By acquiring smaller software companies and improving their metrics, Constellation has become a behemoth in this space, with various sub-segments that continue to outperform the market.

Over time, I think this trend will continue. Certainly, the company's recent results seem to suggest as much.

In Q3, Constellation saw its revenue increase by 33.5% year over year. That's better than most companies in the market, and given Constellation's size, it's even more impressive.

Given the company's historical track record of outperformance in this high-growth sector, the still-fragmented nature of this market in North America, and the company's quality management team, this is a long-term growth stock I think is worth buying on dips moving forward.

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2. TSX:CSU (Constellation Software Inc.)

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