2 TSX Growth Stocks I'd Buy And Hold Forever

Description

2023 could be an excellent year to add growth stocks to your portfolio. The rapid rise in interest rates has made most growth stocks unattractive. Most investors don't want to wait for an uncertain outcome when they can receive 5% or more in annual income from Guaranteed Investment Certificates (GICs).

However, this dynamic has made some growth stocks deeply undervalued. Companies that can deliver total returns that far surpass GICs and the rest of the stock market are now trading at a discount. Here are the top two growth stocks you can buy now and potentially hold forever.

Spacetech growth stock

It still sounds like science fiction, but the commercial space tech sector has matured enough to invest in. Government agencies and large corporations need help manufacturing and deploying satellites for specialized services. These projects are comparable to infrastructure projects that take several years to deliver and generate sizable revenue for manufacturers.

Brampton-based space tech firm **MDA** (TSX:MDA) is an excellent example. The team has several decades of experience manufacturing satellites and specialized space devices. Their contracts include a constellation of satellites for the Emergency SOS feature on the latest iPhone and robotic arm on the upcoming Artemis lunar mission.

Altogether, the company has orders worth $1.5 billion on its books. Meanwhile, its market value is around $711 million – down 38% year to date. The micro-cap stock also trades at a price-to-earnings ratio of 41. That's a reasonable valuation for a company that has seen double-digit growth in sales and orders in recent years.

Keep an eye on this stratospheric growth stock.

Software growth stock

Enterprise software is another robust growth sector. Software subscription revenue from large corporations and government agencies tends to be more sticky than consumer software.

Constellation Software (TSX:CSU) is one of the best stocks in this industry. The software conglomerate has acquired over 300 small and mid-sized firms over its 30-year history. Nearly half of its revenue is collected from government agencies across the world.

Many of Constellation's core services are "mission-critical." That means the organization relies on these software tools to manage accounting, payroll, inventory or other critical aspects of their operations. This makes canceling the subscription difficult. Constellation's revenue is remarkably stable.

This year, the Constellation team has deployed more in acquisition capital than ever before. Most software firms have seen a dip in valuation, which put Constellation in a strong position for dealmaking. I expect these recent acquisitions to deliver sizable revenue and net income growth in the years ahead.

Meanwhile, Constellation stock is down 7.7% year to date. It's underperforming the TSX Index but outperforming the rest of the tech sector. I believe growth investors should add this stock to their portfolio at current prices. It's a top-notch buy-and-hold stock.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:MDA (MDA Ltd.)

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