Got $5,000? These 2 Growth Stocks Are Smart Buys

Description

When market volatility hits and the market drops, most investors tend to focus on the immediate short-term effect of that drop. Unfortunately, this means that the long-term impact of buying discounted stocks is ignored. That includes some stellar growth stocks that can be classified as smart buys.

default watermark

Here's a look at two options to consider for your portfolio right now.

First, the tech darling that had a rough year

There are few if any stocks on the market that can counter the stellar growth of **Shopify** (TSX:SHOP). The e-commerce titan has seen incredible growth in recent years, and that growth went into overdrive when the pandemic hit.

Unfortunately, over the course of the prior 12-month period, Shopify's stock has tanked over 50%.

So then, why is Shopify a smart buy to consider right now?

During the pandemic, consumers turned to mobile commerce in lieu of in-person shopping out of necessity. This accelerated a shift that was years in the making. When stores re-opened and foot traffic to brick-and-mortar stores returned, Shopify's bump started to erode.

And then we have interest rates and runaway inflation. The rising cost of everything is forcing consumers to be more selective in where and how they spend their money. And for Shopify, the cost of borrowing money to finance additional growth initiatives is increasing.

Another thing that is increasing is the need for Shopify to make a profit. And that's where Shopify's recently announced hikes to its pricing structure come into play. That hike is the first increase in a decade where Shopify has aggressively sought out and added add-ons and features to its growing platform.

Shopify may be one of the smart buys to consider *right now*, but that discount won't last forever. The stock has already bounced up over 30% in the past month.

As of the time of writing, a $5,000 investment will get you just over 76 shares of Shopify.

And now the retailer that everyone loves

When volatility hits the market and consumer spending drops, there's a shift in retail stocks. Consumers will transition to purchasing more frugal products, buying in bulk, and shifting to discount brands.

Part of that transition involves visiting a dollar store like **Dollarama** (TSX:DOL).

Dollarama is the largest dollar store operator in Canada and operates a growing international network under the Dollar City brand. The company is also one of the smart buys that every investor should be looking at right now.

Apart from its value appeal to shoppers, Dollarama employs a unique pricing model. The retailer prices goods at fixed price points of up to $5. Dollarama also bundles many lower-priced items, providing an even greater value proposition to shoppers.

default watermark

That value proposition is a key reason why shoppers keep flocking to Dollarama stores, despite the cooling economy. In fact, in the most recent quarter, Dollarama posted a 10.8% increase in comparable store sales. This helped bump sales to hit $1,289.6 million in the quarter, reflecting an impressive 14.9% improvement.

Looking forward, Dollarama anticipates that growth to continue. The company is forecasting to have a network of 2,000 stores within the next decade.

Those stellar results have helped Dollarama's stock to continue rising, despite the inflationary pressures in the market. In fact, over the trailing 12-month period, Dollarama stock has surged over 20%.

As of the time of writing, a $5,000 investment in Dollarama will purchase 63 shares of the retailer. Prospective investors should also note that Dollarama also offers a dividend. The yield is just 0.22%, but Dollarama has provided generous annual upticks to it for over a decade.

Will you buy these smart buys for your portfolio?

Both Dollarama and Shopify are unique options that can provide long-term growth for years to come. And while no stock is without some risk, in my opinion, both stocks would do well as a small part of any well-diversified portfolio.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. TSX:DOL (Dollarama Inc.)
2. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. dafxentiou
2. kduncombe

Category

1. Investing
2. Stocks for Beginners

default watermark

Date
2025/09/16
Date Created
2023/01/31
Author
dafxentiou

default watermark