2 Incredible Growth Stocks That Could Soar in 2023

Description

This past year has been a difficult one for stocks in general. However, growth stocks have been particularly hit by rising interest rates.

Growth stocks have generally outperformed value stocks since 2000 by a large margin. However, there is the good news for investors. The stock market anticipates future events. Thus, for those who believe the growth trends are still in place that have driven these stocks higher over the past two decades, there's plenty of upside potential left in 2023 and beyond.

Investors are already preparing for lower inflation and expect the Bank of Canada to sojourn raising interest rates after the first quarter of 2023. Investors who focused on value stocks in 2022 may want to consider increasing exposure to growth stocks this year. Here are two growth stocks with excellent prospects in 2023.

Top growth stocks to buy: Shopify

Over the past five years, the share price of **Shopify** (TSX:SHOP) has increased more than three-fold, and that's counting a rather dramatic drop last year. In addition, SHOP stock has increased by 67% in just over a quarter, highlighting its recent momentum. Much of this has to do with the company's sky-high compounded annual revenue growth rate of 42% over the previous five years. Top performers like Shopify have been known to continue winning for decades.

Long-term investors have certainly profited from this growth via buying and holding for the long term. And while many investors may believe this is a chart that's broken, it's also true that this recent selloff can present an incredible opportunity — that is, for those who believe Shopify's long-term growth rate is sustainable.

Open Text

Open Text (TSX:OTEX), a Canadian provider of electronic information management services, released its second-quarter financial results recently. Open Text's performance exceeded forecasts for both sales and earnings per share (EPS).

The $897 million in revenue for OTEX exceeded analysts' predictions of $867.2 million. The company's Cloud revenues, which now total $409 million, increased by 16%, while yearly recurring revenues, which now total $725 and account for 81% of the company's revenues, increased by 17% as well. Enterprise cloud reservations also surged by 12% to $144.7 million.

Assenagon Asset Management S.A. boosted its stake in Open Text Company during the third quarter, according to its most recent filing to the Securities and Exchange Commission. At a cost of almost $301,000, the investment fund acquired 11,316 stocks in the software firm.

The company also recently declared in 2022 that it would increase its dividend to $0.243 payment per share. The current dividend yield of Open Text is 2.8%.

Bottom line

Long-term investors can consider adding these two growth stocks to their portfolios, as these seem to have bright growth prospects. Both are companies I think have excellent long-term prospects, despite this very uncertain environment right now.

CATEGORY

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