



## 2 Growth Stocks Set to Perform in 2020

### Description

For growth investors, finding Canadian stocks to invest in with track records of serious growth and the potential for exponential returns is difficult.

That said, a number of companies have provided proof growth is possible on the **TSX**, especially for those brave enough to wade outside of the country's large financial services and energy sectors.

Here are two great examples of growth companies that could prove to be Canadian unicorns for years to come.

### Shopify

I've been notably critical of the valuation of **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)) for some time, and have been on the sidelines with this amazing growth stock.

While I continue to have valuation concerns with respect to how investors are valuing the tech giant's future cash flows, it has become clear to me that the business model underpinning this company's unique success is unlikely to waver over the long term.

The short thesis on Shopify has largely been debunked, and as fellow Fool contributor Mat Litalien has pointed out, short-sellers have had a very tough time wrangling in Shopify with any sort of scare tactics or "[fear mongering](#)."

Shopify's revenue growth has been dramatic, and while investors are less concerned about earnings at this point, the software company's ability to continuously beat earnings and confirm sky-high growth projections has led to a parabolic move in Shopify's share price in recent years.

A more than 20 times return for investors since Shopify's initial public offering (IPO) price of \$28 is remarkable, given that the company IPO'd less than five years ago.

## Constellation Software

Another Canadian technology company that's seen remarkable returns is **Constellation Software Inc.** ([TSX:CSU](#)). This company has "only" tripled investors' money over the past five years, so when compared to Shopify, it's really a laggard.

Compared to nearly every other company on the **TSX**, however, Constellation Software has been a winner. This company has been around for much longer, and when one takes a look at the total stock performance of Constellation Software, the picture becomes more clear: growth juggernauts are alive and well in the Canadian technology space.

Constellation Software operates in some ways as a constellation of software companies and brands; the company uses an acquisition model which allows for integration across businesses and provides continued growth.

Snapping up companies early at relatively low valuations and driving value over the long-term has allowed Constellation to continue to grow at breakneck speed, keeping up with lightning fast changes in the tech sector that require new and better technology. Changing consumer preferences and an ever-changing industry require companies like Constellation Software to stay nimble and keep acquiring.

Like Shopify, I do have concerns with respect to the ability of any company to continue to derive value from an acquisition-first business model. That says, until the company shows serious growth declines, long-term growth investors can continue to sit pretty and watch the stock price rise.

Stay Foolish, my friends.

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### TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:SHOP (Shopify Inc.)

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