



Should You Buy the Dip or Take Profits in These 3 Growth Stocks?

Description

Recent volatility in Canadian and U.S. stock markets should inspire investors to reflect on their portfolios as we look ahead to April. There is the potential for a number of surprises as NAFTA negotiations reach the eighth stage in Washington and the Bank of Canada sets up for yet another rate decision. Many analysts have pointed to global trade tensions as a catalyst for the stock sell-offs in March and February.

Today, we are going to look at three stocks that have been top performers on the TSX dating back to the middle of last year. Should investors take profits and retreat to the sidelines or bet on a spring and summer rally?

Canada Goose Holdings Inc. ([TSX:GOOS](#))([NYSE:GOOS](#))

Canada Goose stock fell 3.19% on March 28. Shares have climbed 6.8% in 2018 thus far, but the stock has dropped over 9% week over week. In spite of a very positive fiscal 2018 third-quarter report, Canada Goose stock was [pummeled in early February](#) before rebounding in March. One concern for analysts was the lack of supply that had reared its head in the holiday shopping season.

In a recent interview with *Reuters*, CEO Dani Reiss said that Canada Goose planned to ramp up production going forward and increase profit margins. Canada Goose reported a gross margin of 63.6% in the third quarter, and adjusted EBITDA climbed 43.2% year over year to \$94.7 million. The high-end winter clothing manufacturer has also posted impressive growth in its direct-to-consumer business.

Although the company looks healthy going forward, Canada Goose is entering its slow season in terms of sales, and the stock has surged over 140% since its IPO in March 2017. Canada Goose stock is likely to face more volatility in the spring and summer, and it may be wise for investors that stepped in last year to take profits today.

Aurora Cannabis Inc. ([TSX:ACB](#))

Aurora stock dropped 5.25% on March 28. Shares have entered the red for 2018, as the broader

Canadian cannabis market faces renewed volatility. Aurora stock has more than tripled since October 2017, but its move into the single digits will likely entice investors. It is the largest cannabis producer in the world after recent acquisitions, and its capacity will be crucial as demand is expected to challenge suppliers in the late summer and early fall. Add Aurora for the long term, but expect [continued volatility in the cannabis market](#) in the spring.

Shopify Inc. ([TSX:SHOP](#))([NYSE:SHOP](#))

Shopify dropped 5.22% on March 28 and has shed over 15% week over week. Shares took a major hit after the stock price breached \$200 and news of the **Facebook Inc.** data scandal hit investors. To add to its worries, short seller Andrew Left of Citron Research has again targeted Shopify. Left has said that Facebook's revised data policies will negatively impact Shopify's merchant base going forward.

Left's newsletter sent Shopify stock below \$120 back in October 2017. That was in the midst of a strong rally for the TSX. Although I am bullish on Shopify's business model long term, this campaign comes at an inopportune time, and its stock is at risk of an even steeper correction heading into April.

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