



## Be Careful Not to Burn Yourself With These 3 Growth Stocks

### Description

The S&P/TSX Composite Index rose 20 points on April 9 in another choppy trading session. Major indexes in the United States also slid in late afternoon trading after a report revealed the FBI raided the office of President Donald Trump's lawyer Michael Cohen. However, futures spiked after Chinese president Xi Jinping announced that China would look to open its markets to foreign businesses going forward. This appears to signal a move away from [rising trade tensions](#) between the U.S. and China in recent days.

NAFTA negotiations have also progressed well into April. The Mexican Economy Secretary said in a recent interview that there is "a very high probability, about 80%," of an agreement in principle being reached by the first week of May. This news could boost investor sentiment in Canada.

Today, we will look at three growth stocks that have sputtered to start 2018. Is now a good entry point with the possibility of a broader rally on the horizon?

#### **Dollarama Inc. ([TSX:DOL](#))**

Dollarama stock dropped 0.54% on April 9. Shares of Dollarama have declined 2.9% in 2018 thus far but are up 33.5% year over year. The top dollar store retailer in Canada released its 2017 fourth-quarter and full-year results on March 29.

Dollarama continued its trend of impressive earnings reports and posted a sales increase of 9.8% from Q4 2016 to \$938.1 million. Comparable-store sales climbed 5.5% year over year, and EBITDA jumped 12.2% to \$253.8 million. For the full year, Dollarama saw sales rise 10.2% to \$3.26 billion and EBITDA climb 17.5% to \$755.6 million.

The valuation at Dollarama may give some investors pause considering its modest dividend yield. However, dollar stores have proven to be extremely robust in the post-recession years. Dollarama is a good bet to continue its strong run going forward. After plunging almost \$20 from all-time highs reached in late January, I like the stock as a long-term stash.

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

Shopify rose 0.91% on April 9, but has plunged 21% month over month. The global rout was particularly bad timing for Shopify in light of the **Facebook Inc.** data scandal. Short seller Andrew Left again targeted Shopify in late March, saying that restrictions on Facebook's data access could severely hinder Shopify's merchants.

Shopify is still up 18.9% in 2018. Founder and CEO Mark Zuckerberg is set to testify before U.S. Congress this week with lawmakers and others applying more pressure on the social media giant to capitulate to calls for major reform. The testimony will be of interest to Shopify shareholders and prospective buyers.

## Aphria Inc. (TSX:APH)

Aphria dropped 4.9% on April 9 and has plummeted 48.1% in 2018 so far. The Canadian cannabis market has [suffered sharp sell-offs](#) since late January. Aphria, a top producer, was also embroiled in a public controversy concerning its acquisition of Nuuvia. Cannabis stocks will undoubtedly be subject to greater volatility in the short to medium term, which means investors should only consider Aphria and others as long-term speculative buys.

## CATEGORY

1. Investing

## TICKERS GLOBAL

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

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1. Msn
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