2 Smoking-Hot TSX Growth Stocks to Buy in April 2021

Description

With TSX growth stocks taking a backseat to value plays as a result of the action in the bond market (bonds have sold off, causing yields to pop), I'd argue that there's now immense value on both ends of the spectrum. In this piece, we'll have a look at a handful of Canadian growth stocks that are still down considerably from their highs. I think they're more than worth buying on weakness, as the **TSX Index** continues making higher highs and higher lows.

Without further ado, consider **Alimentation Couche-Tard** (TSX:ATD.B) and **Fire & Flower Holdings** (TSX:FAF).

Alimentation Couche-Tard: A growth and value pick rolled into one

Couche-Tard is a convenience store kingpin that's perfected the growth-by-acquisition model. As of late, the firm hasn't been nearly as active as it once was. Back in the glory days, Couche picked up a small-scale c-store regularly. These days, Couche has set its sight on bigger targets to move the needle, and it now boasts an impressive $44 billion market cap. Despite the behemoth size of the firm, I still think it has plenty of growth left in the tank.

The firm has ample cash and credit — enough to acquire another elephant, probably in the grocery store space. With Couche's reluctance to put money to work and its failed pursuit of French grocery giant Carrefour, it's not a mystery as to why investors have bailed on a stock that's both a growth and a value play. I think investors are too impatient and would encourage those willing to hold for years to punch their ticket into the name before it starts making needle-moving deals.

Perhaps French regulators will be more open to a Couche-Carrefour tie-up once the pandemic ends and food security becomes less of an issue. Regardless, I think disappointment over Couche's intent to pivot into grocery is also baked into the share price. Although perceived as a negative, I think Couche's entrance into big-scale grocery retail is a profound long-term positive.

At the same time, Couche's extensive c-store network may make it a compelling takeover target, as its founders go on to lose their special voting rights. I think **Amazon.com** may be interested, as it looks to take the physical retail world by storm.

In any case, there are numerous reasons to hold Couche for the long haul at these depths. I remain bullish and have been accumulating shares on weakness.

Fire & Flower Holdings: A cannabis growth stock that's dirt cheap

Couche owns a stake in Fire & Flower holdings. It's the c-store kingpin's preferred way to play cannabis and will likely serve as an onramp for getting into pot sales once the federal government gives the green light to stores like Circle K. In the meantime, Couche's managers are wasting no time with testing the waters.

Fire & Flower is one of the better cannabis retailers out there, with its solid omnichannel presence. The physical locations draw on the experiential factor, while the e-commerce platform is seamless and easy to use. As Couche and Flower combine their expertise, the sky could be the limit, as both firms look to capture the cannabis retail market, which could be due for consolidation over the next five years.

Regardless, the growth stock is an incredible value at just three times sales. Couche's managers are standing in its corner, and I don't think their expertise should be discounted.

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