Canadians: 2 Top Growth Stocks I'd Buy on the Way Up

Description

Canadian growth stocks have been taking a huge breather in recent months. The abrupt rise in inflation and concerns over a taper tantrum are probably already baked in at these prices, though.

So, if you're in the market for a higher grower, now may be the time to start nibbling on the way up, as they look to catch up to their cyclical and reopening counterparts into the latter half of the year. With rates on the descent again (currently below the 1.4% mark), more investors seem to be putting their trust in the Fed. And that's painting a prettier picture for Canada's top growth stocks, many of which have been clobbered for reasons outside of their control.

In this piece, we'll have a look at three growth stocks I'd look to buy on strength going into the summer season:

Alimentation Couche-Tard

Alimentation Couche-Tard (TSX:ATD.A)(TSX:ATD.B) is the only non-tech name on this list. While its valuation is more indicative of a value stock, one must not discount the firm's ambitious goal of doubling net profits in five years. While Couche may be a dirt-cheap stalwart at just 15.3 times trailing earnings, it still has plenty of growth left in the tank as it looks to consolidate the global convenience store industry further.

The M&A all-star has created ample value from every move it's made over the years, not only from acquisitions but also from strategic divestments. With enough liquidity to make a major splash in the c-store or grocery scene, the low volatility stock holds the potential to jump right back into the spotlight once management is ready to make a move.

Of late, Couche's failed acquisition attempts have been a serious drag on the stock. In due time, however, the company will eventually make a big move. And its stock is likely to be headed higher on the news. So if you've got the patience to hang on for the next five years, Couche is one of the better deep-value growth plays on the **TSX**.

Canadians dislike brick-and-mortar retail these days and seem to be discounting the firm's longer-term growth potential, as it looks to evolve. With great catalysts (economic reopening and acquisitions) up ahead and a depressed valuation, Couche looks to have one of the widest margins of safety in today's seemingly expensive market.

Kinaxis

Kinaxis (TSX:KXS) is a software developer that creates solutions to help firms better manage their supply chains. In an era where supply chains are in disorder, Kinaxis's services can pay for themselves. With the pandemic's end approaching, investors seem more willing to dump the stock in anticipation of a major post-pandemic hangover.

While tough year-over-year comparable quarters are coming up ahead, I think it's a mistake to conclude that supply chains are going to stay in order just because the economy is reopening.

Global supply chains are still a mess, with major supply shortages in many segments of the market. Now down 34%, Kinaxis represents one of the cheaper high-growth Canadian tech stocks out there. And I'd look to load up on the name should it begin to pick up traction into the latter half of 2021.

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