2 Low-Tech Canadian Growth Stocks to Buy in October

Description

October could have the potential to be just as volatile as September. As such, investors should have a game plan in case we're propelled into that much-anticipated 10% peak-to-trough market correction. On the flip side, surprising positive developments such as **Merck**'s latest COVID-19 oral treatment could cause a sudden reversal to the upside. In any case, Canadian investors should think about buying gradually amid weakness, rather than looking to time this sell-off's bottom.

Growth stocks back on the descent

Many quality Canadian growth stocks have been on the receiving end of late, thanks in part to September's sudden rise in rates. The higher the multiple or growth potential, the more severe the downside has been in response to the jump in rates. At this juncture, there's no need to reach for the fastest-falling at ground zero of the correction. Instead, names that have been unfairly beaten down should be nibbled in case we're just at the start of a more severe pullback.

Consider **Spin Master** (TSX:TOY) and **Alimentation Couche-Tard** (TSX:ATD.A)(TSX:ATD.B), two great growth stocks likely to bounce back from the market's latest slide.

Spin Master

Spin Master is a Canadian toymaker that fell under considerable pressure between the peak in 2018 and trough in early 2020. Since bottoming out last year, the stock has been in an unstoppable rally fueled by magnificent earnings beats. During the coronavirus crash, TOY stock lost around 66% of its value in a matter of weeks, only to recover it all in around a year.

How was the toymaker able to post a full recovery in the face of profound supply chain issues? Spin's digital games business did more of the heavy-lifting during the worst of the pandemic. With incredible momentum in digital and the potential for easing supply chain issues heading into 2022, the stage looks set for continued outperformance after this latest 18% pullback off 52-week highs.

For now, investors are worried that global supply chain issues could dampen Spin's coming period of seasonal strength. Undoubtedly, the holiday season isn't going to be as good as it could have been. Regardless, I think the damage to TOY stock is already overdone.

Alimentation Couche-Tard

Couche-Tard is a convenience retailer that's far growthier than most investors would give it credit for. Undoubtedly, COVID has brought forth considerable challenges to the c-store giant. Regardless, Couche-Tard has still managed to top quarterly estimates and its long-term growth plan, I believe, is still in full swing. Over the last four quarters, Couche-Tard has beaten three times while matching once on EPS. Despite continued resilience in 2021, shares have failed to beat the broader **TSX Index**, with just 10.7% in gains year to date versus the TSX's 15% in year-to-date gains.

I think the recent dragging in shares is an excellent opportunity for investors seeking to play a rotation out of high-multiple sexy stocks toward high-value boring stocks. Despite boasting a dirt-cheap multiple (15.4 times earnings), Couche-Tard is still very much a growth play.

Over the coming years, the firm is poised to become more active on the M&A front, which should fuel double-digit growth on the top and bottom lines.

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2. TSX:TOY (Spin Master)

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