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2 Canadian Growth Stocks Near 52-Week Lows

Description

While the **TSX Index** is up nearly 28% year to date, it hasn't been so positive for a few top Canadian growth stocks. Whether it be poor performance, valuation re-pricing, or a shift in sentiment, some of these stocks just keep selling off. Factors like rising inflation and supply chain challenges don't help. Likewise, tax-loss selling could put additional downward pressure as 2021 comes to a close.

Buy the dip or look elsewhere?

So, we have to ask: are these stocks worth buying now that they are much cheaper? Or should investors stay on the sidelines to avoid catching a falling knife? Let's discuss two Canadian growth stocks that are trading not far from 52-week lows.

Lightspeed: Is it a buy yet?

For a year that started with a lot of promise, 2021 has turned into a bit of a nightmare for **Lightspeed Commerce** (TSX:LSPD)(NYSE:LSPD). Since late September, this Canadian stock dropped 46%. Despite climbing almost 85% in the first half of the year, Lightspeed has given up all of its gains and then some.

After a recent short report, the stock market has been on-the-fence about Lightspeed stock. Its recent third-quarter results confirmed a number of fears about the profitability of its business. While revenues grew year over year by a massive 193%, Lightspeed incurred a huge $59.1 million net loss. Worries about its supply chain and weakening profit margins sent investors running for the exit.

Given the volatility around this stock, I would probably continue to sit on the sidelines. Future sustained losses could keep a lid on its stock price for a while. Until results start to improve, it is one to just watch.

If I was looking for a Canadian stock as an alternative it would be **Nuvei**. Nuvei has a global payments platform that is scaling quickly, producing solid organic growth and speedily growing profits. Nuvei stock is pricey, but it is becoming cheaper as it drives further operating leverage. I may not stay out of Lightspeed forever, but for now, Nuvei just appears more attractive for a long-term buy.

Goodfood crashed, but is this Canadian stock good value?

Another Canadian stock that has recently taken a hit is **Goodfood Market** (TSX:FOOD). Since January, Goodfood stock has declined 60%. On Wednesday, it plummeted 26% after the company released its fourth-quarter 2021 fiscal results.

For the year, Goodfood grew sales by 33%. However, the fourth quarter disappointed with net sales declining year over year by 5%. To compound this, the company incurred a net profit loss of $22 million.

While the pandemic helped produce a banner year for Goodfood, restaurants are mostly open across Canada. While meal-kit demand has declined, meal-kit competition continues to increase, forcing Goodfood to increase marketing and incentive spending. On top of that, wage and food production inflation further put pressure on margins.

There is undoubtedly a long-term trend supporting online groceries. However, inflationary trends could continue to hamper returns for meal kit companies like Goodfood. 2022 comps are likely to worsen, so it is probably best to be cautious with this stock right now.

A Canadian retail stock I would prefer is **Aritzia.** It has both retail and e-commerce sales channels that are driving growth out of the pandemic. So far, it has navigated the supply chain crisis very well. Today, it is scaling up its U.S. operations. This could be a massive growth market in the future. Aritzia stock is up 100% in 2021, but its strong price momentum is very well-deserved.

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2. Tech Stocks

TICKERS GLOBAL

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2. TSX:FOOD (Goodfood Market)
3. TSX:LSPD (Lightspeed Commerce)

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