Fire Sale! 3 TSX Growth Stocks to Buy on the Dip

Description

It has been a rollercoaster ride for growth stock on the **TSX**. Frankly, with stock markets near all-time highs, investors can expect volatility to stick with us going forward. Shrewd investors can actually use drawdowns and dips as your ally. Stocks in even the best quality growth companies collapse from time to time. So why not utilize the drawdowns to upgrade your portfolio and stock up on the best businesses?

Forget that television: Grow wealthy by investing

This weekend, you could spend a few thousand dollars on a 60-inch television that is marked down 10%, maybe 15% if you are lucky. Or, you could take that money, invest it in a beaten-down growth stock and watch it multiply many times what that television will be worth in three, five, or 10 years. Here are three TSX growth stocks I've been eyeing for when they fall into the sale bin.

A high-growth TSX payments stock

Nuvei (TSX:NVEI)(NASDAQ:NVEI) stock is one of Canada's high-flying growth stocks. It completed its initial public offering (IPO) last year, and its stock is up 167% overall. However, since October, its stock has pulled back by nearly 30%. It is starting to look attractive right here.

Nuvei has built out a very strong global payments platform. As merchants continue to digitize operations, they require versatile payment options that manage payment risk, currency, and even digital assets (cryptocurrency). Nuvei's flexible platform helps manage all of these and more.

This year, Nuvei should grow revenues by about 90%. All the while, it expects to maintain +40% EBITDA margins. While this stock is not cheap, the combination of growth and high profitability make it an intriguing buy on the dip.

A small-cap to buy on the dip

A smaller-cap stock that looks interesting today is **Sangoma Technologies** (TSX:STC). Since November, its stock has pulled back by nearly 18%. The company attempted to list on the U.S. **NASDAQ** exchange. However, it failed to get enough investor support in the offering and the company pulled the listing.

To me, this is just a temporary issue that relates to stock market volatility rather than the fundamentals of the business. After its acquisition of Star2Star, the company has better services, a large customer mix, and higher margins than ever. It is now a one-stop-shop for business communication services.

Sangoma has been posting strong, steady growth. Like Nuvei, it is also profitable growth. The recent pullback looks to be a good opportunity for patient, long-term investors.

A TSX stock streamlining supply chain challenges

Kinaxis (TSX:KXS), a leader in supply chain planning software, just had a major 12% drawdown this month. Considering supply chain challenges are on almost every CEO's mind, the current environment looks very favourable for this business. Kinaxis helps improve a company's decision-making process on how it manages factors like supply, demand, inventory, and shipping.

Given the essential nature of its software, it captures very high recurring revenues. Likewise, it captures high margins and strong free cash flow. This stock has a great cash-rich balance sheet ($240 million in cash and investments), so it has excellent flexibility on how it grows going forward.

On a valuation basis, this is still a pretty expensive stock. However, it fetches a premium for its high-quality software-as-a-service model. The recent pullback certainly makes this growth stock a lot more intriguing as a buy today.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. TSX:KXS (Kinaxis Inc.)
3. TSX:NVEI (Nuvei Corporation)
4. TSX:STC (Sangoma Technologies Corporation)

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