



2 Canadian Growth Stocks to Buy Before a Big Rally

Description

Over the last few months, several Canadian stocks, especially some of the top performers during the previous two years, have lost significant value, as the market deals with numerous headwinds. Growth stocks in particular offer some of the best value for savvy Canadian investors looking to buy today, as many have fled these stocks for safer, more defensive investments.

At first, it was the significant inflation we're facing as well as the expectation of tighter monetary policy throughout the year spooking investors. But now, with the war in Ukraine creating uncertainty, several top Canadian growth stocks are trading well [undervalued](#).

If you're looking to find value in this uncertain market, here are two Canadian stocks to buy before the next big rally.

A top Canadian retail stock

One of the most impressive companies in the retail industry throughout the pandemic has been **Canadian Tire** ([TSX:CTC.A](#)). And with the company looking like it has no plans to slow down, it's certainly one of the top Canadian growth stocks to buy now.

After reporting earnings last month that smashed expectations by over 28%, last week, it hosted its investor day, where the company outlined its strategies for growth over the coming years.

And while there were several positive takeaways, one of the most notable is Canadian Tire's goal to grow its earnings per share (EPS) to \$26 by 2025. Currently, over the last 12 months, its EPS is \$18.38, so that represents significant growth over the next few years.

Furthermore, at \$26 EPS, if Canadian Tire kept the same [price-to-earnings](#) (P/E) ratio as it has now, of roughly 10 times, the stock would grow to \$260 a share. Plus, keep in mind 10 times earnings is one of the lowest valuations Canadian Tire has traded at in the last half-decade.

As long as the company can execute, it offers a significant return over the coming years. And on top of

everything else, Canadian Tire offers a growing dividend, which currently provides a yield of 2.9%.

So, if you're looking for a growth stock to buy undervalued ahead of the next big rally, Canadian Tire is one to keep your eye on.

One of the best Canadian growth stocks you can buy

In addition to Canadian Tire, an even faster-growing stock is the specialty finance company **goeasy** ([TSX:GSY](#)).

goeasy is a specialty finance stock that has seen its operations grow rapidly recently. Over the past three years, goeasy's total revenue has increased by 66%. But, even more impressively, goeasy's net income has increased by a whopping 361% from roughly \$50 million in 2018 to over \$240 million today.

This impressive execution by the company has led to the share price growing 195% and, when considering its growing dividend, a total return of 212% over those three years.

Despite all this growth, goeasy is still a relatively small company with a market cap of just \$2.1 billion. Furthermore, it continues to find new ways to expand its business and attract new customers, whether that be marketing campaigns or its multi-channel strategy.

While the stock is ultra-cheap, trading at a forward P/E ratio of just 10.7 times, and ahead of the next major rally, goeasy is undoubtedly one of the top Canadian growth stocks to buy.

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