BUY ALERT: 3 Top Growth Stocks to Add in May

Description

The **S&P/TSX Composite Index** had been hit by consecutive triple-digit losses by the midway point of the week on April 27. Central banks in Canada and the United States are pursuing interest rate hikes in order to combat soaring inflation in 2022. This, in turn, has sparked volatility in the broader market. Previous pullbacks have provided a great opportunity for investors to snatch up growth stocks at a discount. Today, I want to look at three of my favourite growth-oriented equities.

Here's why Shopify can regain momentum in the 2020s

Shopify (TSX:SHOP)(NYSE:SHOP) is an Ottawa-based company that offers an e-commerce platform for online stores and point-of-sale systems. This technology company has proven to be one of the most explosive growth stocks on the TSX since its debut in 2015. However, it has been hit by major turbulence since late 2021. This growth stock has plunged 65% in 2022 as of close on April 27.

The company released its fourth-quarter and full-year 2021 results on February 16, 2022. For the full year, total revenue increased 57% to $4.61 billion. Meanwhile, gross merchandise volume (GMV) climbed 47% to $175 billion. Adjusted net income was reported at $814 million, or $6.41 per diluted share — up from $491 million, or $3.98 per diluted share, in the previous year.

This growth stock possessed a favourable price-to-earnings (P/E) ratio of 18 as of close on April 27. Shares of Shopify last had an RSI of 26, which puts it in technically oversold territory at the time of this writing.

Don't sleep on this growth stock right now

Enghouse Systems (TSX:ENGH) is another top growth stock I'd consider snatching up in this market correction. This Markham-based company is engaged in the development of software solutions around the world. Its shares have dropped 23% in the year-to-date period as of close on April 27.

Investors got to see the company's first-quarter 2022 earnings on March 3. It reported net income of

$21.5 million — up from $20.6 million in the previous year. However, revenue and adjusted EBITDA was down in the year-over-year period. That said, Enghouse is still geared up for solid earnings growth going forward.

Shares of this growth stock had an attractive P/E ratio of 21 as of close on April 27. It possessed an RSI of 32, putting it just outside technically oversold levels. Moreover, it offers a quarterly dividend of $0.185 per share. That represents a 2.1% yield.

This growth stock also offers some income

Altus Group (TSX:AIF) is the third and final growth stock I'd look to target as we move into the month of May. This Toronto-based company provides software, data solutions, and independent advisory services to the commercial real estate industry in Canada and around the world. Its shares have plunged 35% so far in 2022 as of close on April 27.

In 2021, Altus Group delivered consolidated revenue growth of 11% to $625 million. Meanwhile, consolidated adjusted EBITDA increased 10% to $109 million. Shares of this growth stock are still trading in favourable value territory compared to its industry peers. It last paid out a quarterly dividend of $0.15. That represents a modest 1.3% yield.

CATEGORY

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2. TSX:AIF (Altus Group Limited)
3. TSX:ENGH (Enghouse Systems Ltd.)
4. TSX:SHOP (Shopify Inc.)

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