3 Canadian Growth Stocks You'll Regret Not Buying on the Dip

Description

Market declines are perfect opportunities to upgrade your investment portfolio. When the stock market corrects, it doesn't discriminate. It pulls down stocks in great companies and bad companies alike. Great-quality Canadian growth stocks can become cheap, even if their long-term business fundamentals remain resilient.

Warren Buffett once said, "Opportunities come infrequently. When it rains gold, put out the bucket, not the thimble." Historically, the perfect time to buy is when the market is most worried. While there are lots of short-term concerns causing the stock market pullback, stocks have been a resilient and profitable asset over the long term.

If you are not afraid of the recent market carnage, here are three high-quality Canadian growth stocks to load up on during the dip.

A top Canadian consulting stock

WSP Global (TSX:WSP) has earned shareholders a solid 20% compounded annual return over the past 10 years. Its stock is up 540% since 2012, despite even its recent 21% pullback.

This Canadian growth stock has grown to be one of the largest engineering, design, and consulting firms in the world. The company has been a very smart consolidator of the sector. Last year, it acquired Golder, which drastically expanded its focus on environmental services.

Just a few weeks ago, it announced the massive US$1.8 billion acquisition of **John Wood's** environmental and infrastructure consulting business. This deal is expected to accrete low- to mid-teens earnings growth over the next few years.

As WSP scales, its internal growth opportunities also expand. It is becoming larger and more profitable over time. Given the high quality of this business, this growth stock is almost never cheap. However, the recent pullback presents a great entry point for long-term, patient investors.

An AI tech leader

TELUS International (TSX:TIXT)(NYSE:TIXT) is another growth stock that has become incredibly cheap. Its stock is down 27% this year and 18% since its initial public offering (IPO) last year. Despite the price decline, TIXT has delivered solid growth and earnings. Last year, it grew revenues and adjusted earnings before interest, tax, depreciation, and amortization (EBITDA) by 38%!

This year, growth is expected to slow. Yet it still hopes to achieve +15% revenue and EBITDA growth. TIXT operates in an attractive area. It provides digital customer experience services to some of the world's largest businesses (Google, Facebook, and **Amazon**).

Today, with an enterprise value-to-EBITDA ratio of 11, this growth stock trades below its growth rate. For exposure to exciting tech themes like artificial intelligence, automation, and the internet of things (IoT), this is an attractive Canadian growth stock to buy.

A Canadian growth stock with a long history of great returns

It isn't often you get to buy **Constellation Software** (TSX:CSU) on sale. However, after a 20% correction this year, it looks pretty attractive. To be clear, this stock is almost never cheap. However, over the past 20 years, any major dip has been an excellent buying opportunity.

Constellation makes its bread and butter by acquiring relatively small niche software businesses across the world. While a recession may impact its business, most of its revenues are recurring and economically resilient.

Likewise, tech valuations are fast declining. This means Constellation can deploy more of its excess cash flow into acquisitions at cheap prices and better long-term returns. Constellation is one of the best-performing Canadian growth stocks over the past few decades. If it can deliver even half its past returns, shareholders are set up to do exceptionally well.

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