



3 Canadian Growth Stocks to Buy in October

Description

Throughout 2022, as stock prices have continued to fall, the opportunity for investors only continues to improve. In particular, growth stocks have seen the largest selloffs, making them some of the best to buy on the dip in October.

There are a few main reasons why stocks can fall so significantly in value. First, as the economic environment becomes more uncertain, risk naturally rises, which impacts the valuation of stocks. In addition, though, the economic environment is also causing many companies to see their future earnings estimates fall, which has also weighed on the stock price.

But while stock prices can be impacted by short-term uncertainty, if you can find high-quality stocks that you believe can continue operating well and grow for years to come, long after this economic environment, then these will be some of the best growth stocks to buy in October and [hold for years](#).

So, if you're looking to go bargain hunting today, here are three of the best Canadian growth stocks to buy now.

A top Canadian retail stock

One of the hottest Canadian growth stocks in recent years that has quickly become a buy in the selloff is **Aritzia** ([TSX:ATZ](#)).

Aritzia is a women's fashion retailer that has seen its popularity skyrocket in recent years, as it rapidly expands its store count across North America. Part of this major increase in popularity has to do with its marketing model, which utilizes influencers to market its products to consumers.

Another reason Aritzia has been so popular, though, is due to its e-commerce platform, which continues to help drive sales growth for Aritzia.

The stock has been so impressive that even though it was partly impacted by the pandemic, as its stores were closed, it also managed to grow through the years of the pandemic and hasn't looked

back. In fact, since the end of 2019, in the 10 quarters since, its trailing 12-month sales have increased by over 70%. It's also grown its earnings per share by over 90% through that stretch.

So, while Aritzia has pulled back from its highs, it's one of the best Canadian growth stocks to buy in October.

One of the best Canadian tech stocks

Another growth stock to consider buying in this environment is **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)). The stock is down over 82% in just the last 12 months, creating a significant opportunity, especially as Lightspeed continues to grow its business.

The stock just hosted its investor day this week, and management highlighted continued upside potential for the stock. For starters, management noted that Lightspeed's diversified business, and many partnerships have been key in helping to offset the impacts of inflation.

Furthermore, it believes that as it scales, it can continue to find cost efficiencies to improve its margins. This has Lightspeed confident that its earnings before interest, taxes, depreciation and amortization ([EBITDA](#)) can break even by 2024.

Furthermore, Lightspeed has roughly \$900 million in cash on its balance sheet, which not only increases its resiliency, but it could also allow the stock to make value accretive acquisitions in this environment.

So, if you're looking to find high-quality growth stocks that you can buy in October, Lightspeed is worth consideration.

One of the best micro-cap growth stocks to buy in October

In addition to Aritzia and Lightspeed, another of the best growth stocks to buy in Canada is **Sangoma Technologies** ([TSX:STC](#))([NASDAQ:SANG](#)), a provider of cloud-based communication solutions for businesses.

The pandemic was a major tailwind to Sangoma, with many employees working remotely. However, it also showed many companies how well having remote employees can work, and as technology in the space continues to increase, companies like Sangoma have significant runways for growth.

According to its guidance for fiscal 2023, Sangoma believes it can grow revenue by roughly 25% and believes its EBITDA can hit roughly \$50 million.

This goes to show how well Sangoma has been performing lately, even in the current economic environment. Furthermore, with the stock's enterprise value (EV) sitting at just over \$300 million, its forward EV-to-EBITDA ratio is just six times.

Therefore, if you're looking for high-potential growth stocks to buy while they're cheap in October, this lesser-known Canadian stock is one of the best to consider.

CATEGORY

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1. NASDAQ:SANG (Sangoma Technologies Corporation)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:ATZ (Aritzia Inc.)
4. TSX:LSPD (Lightspeed Commerce)
5. TSX:STC (Sangoma Technologies Corporation)

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Date

2025/08/13

Date Created

2022/09/30

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danieldacosta

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