



## 3 Growth Stocks I'd Buy More of if They Took a Dip

### Description

Growth stocks have seen some reprieve in recent months. Investors are less concerned about inflation now, and consumers seem stronger than anticipated. That probably means we've crossed the bottom on growth stock prices. However, I still have cash ready to buy more if some of Canada's best growth stocks took another dip in the near future.

Here's what's on my watch list.

### Shopify

Believe it or not, **Shopify** ([TSX:SHOP](#)) has actually outperformed the oil and gas sector in recent months. Why is that relevant? It's because it suggests a shift in market sentiment about risk. When the risk of inflation was high, energy prices were surging, and [tech stocks](#) were plummeting. Now, the pendulum is swinging.

Shopify stock is up 70% since mid-October. That doesn't mean it's anywhere near its former glory. The stock probably won't reach its all-time high of \$215 for a few years. The recent plunge also doesn't make Shopify cheap. It's still trading at a price-to-sales ratio of 9.8.

However, the company could see its growth rate normalize in the second half of 2023. That means it will eventually grow into its [valuation](#). For now, I would be happy to add more exposure if the price dips again.

### Constellation Software

Enterprise software giant **Constellation Software** ([TSX:CSU](#)) deployed more cash in acquisitions last year than any other year in its history. The company took advantage of lower valuations across the tech sector to scoop up niche firms at a relentless pace.

Anyone in the mergers and acquisitions space will tell you that newly purchased companies take many

months to integrate. That means the true impact of Constellation's recent buying spree won't be reflected in its books until later this year.

I expect the company to deliver higher earnings and robust revenue growth in the years ahead. That's why I bought a massive stake for around \$1,950. Now, the stock is trading at \$2,290, which is reasonable but not cheap. I would love to add more at lower levels.

## Quarterhill Inc.

Unlike the other stocks on this list, **Quarterhill** ([TSX:QTRH](#)) hasn't seen much of a recovery in recent months. Quarterhill stock is just 21% higher than its bottom and 40% lower than its all-time high.

Nevertheless, the underlying business continues to perform. Quarterhill delivered \$42.2 million in revenue in its most recent quarter — 8% higher than previous one. It also delivered \$1.9 million in earnings before interest, taxes, depreciation, and amortization against a \$4.5 million loss in the previous quarter.

The company also has an order backlog of US\$581 million (CA\$780 million) which is more than *triple* the size of its market capitalization. Quarterhill stock is currently trading at a price-to-earnings ratio of 15 and offers a 2.8% dividend yield. It's an excellent bet for growth investors, in my opinion.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:QTRH (Quarterhill Inc.)
3. TSX:SHOP (Shopify Inc.)

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