Buy the Dip: 3 Stocks to Buy Today and Hold for the Next 5 Years

Description

The market cap of top Canadian growth stocks nosedived in 2022 as investors turned risk-averse amid macro weakness. However, this correction in value presents an opportunity to buy the shares of fundamentally strong companies and benefit from the recovery in their prices.

But before you invest, note that stock market volatility could stay elevated in the short term due to economic uncertainty. Thus, investors with a medium- to long-term outlook should invest in growth stocks to capitalize on the recovery.

In this article, I'll focus on three Canadian stocks that are trading at a discount and could deliver stellar returns in the next five years.

Shopify

Shopify (TSX:SHOP) stock dropped approximately 73% in 2022. A slowdown in growth and macro challenges weighed on its share price. However, Shopify is well positioned with its products to capitalize on the ongoing shift towards omnichannel platforms, which will likely drive its stock higher in the coming years.

Shopify stock has gained about 37% year to date. Meanwhile, it could deliver stellar returns in the next five years on the back of multiple growth catalysts.

Besides the secular sector trends, Shopify's innovative products, investments in fulfillment and retail POS (point-of-sale) offerings, and expansion of merchant solutions bode well for growth. It will likely benefit from higher GMV (gross merchandise volume) processed through its Payments offerings. Moreover, higher adoption of its offline retail POS offerings will likely support growth. Further, the addition of multiple sales and marketing channels and the strengthening of fulfillment capabilities will drive its merchant base and support growth.

Docebo

The slight moderation in growth rate and general market selling in technology stocks dragged **Docebo** (TSX:DCBO) down. However, this technology stock offers significant growth potential, given the strong demand. The company provides a corporate e-learning platform and has been delivering solid recurring revenues.

Furthermore, Docebo continues to benefit from a growing enterprise customer base, higher average contract value, increased revenues from its existing customers, and higher retention rate. Meanwhile, geographic expansion and strategic acquisitions will likely accelerate its growth and support its stock price.

goeasy

The final stock on this list is **goeasy** (TSX:GSY). This subprime lender has been growing at a breakneck pace. Moreover, it is profitable and a top dividend-paying stock in Canada. Thus, the pullback in goeasy stock is a solid opportunity for buying.

Its top line has grown at a double-digit rate in the past decade. Moreover, higher loan originations and an increase in its consumer loan portfolio indicate that goeasy could continue to deliver solid revenue growth. Meanwhile, its strong credit quality and steady payment performance augur well for growth. Thanks to the ongoing momentum in its business, goeasy's management projects double-digit revenue growth over the next couple of years. Moreover, goeasy expects its operating margins to expand by 100 basis points during the same period.

Overall, its wide product range, omnichannel offerings, increase in the loan portfolio, and steady credit performance will cushion its earnings. Moreover, goeasy could continue to enhance its shareholders' returns through higher dividend payments.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. TSX:DCBO (Docebo Inc.)
2. TSX:GSY (goeasy Ltd.)
3. TSX:SHOP (Shopify Inc.)

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