RRSP Investors: 3 Discounted Growth Stocks to Buy Today

Description

The fall of 2018 has been a difficult one so far for investors. Stocks around the world were battered in October, and that slump has not abated in the month of November. Those in the market should prepare for more turbulence before the fall is finished, but savvy investors should also be on the look-out for discounts.

Today, I want to focus on opportunities for RRSP investors with long time horizons. The current environment is a challenging one for those averse to risk. Historically low interest rates make entering the market a must, at least if you aim to outrun inflation. Workers in the present day are also wrestling with the decline of defined-benefit (DB) pension plans, which may be extinct in the private sector by the end of the next decade.

A rule of thumb for retirement savings has been to put away 10% of your annual income, preferably on a bi-weekly or monthly basis. Difficult economic periods are more demanding on savers, sometimes requiring a savings rate nearing 15%. Investors who actively manage their portfolios should look to take advantage of turbulent periods in order to add equities at a discount. Here are three that are worth considering today.

Sleep Country Canada (TSX:ZZZ)

Sleep Country Canada stock has plunged 29.2% over a three-month span as of close on November 12. The stock took a major hit after the release of its third-quarter results on November 1. Sleep Country reported slower-than-expected same-store sales growth of 0.2% in the quarter but still posted solid growth overall. Adjusted net income rose 4.6% year over year to $24.7 million, and Sleep Country added four new stores.

Sleep Country's RSI slipped below 23 in trading last week, and the stock still looks oversold as of close on November 12. The stock also offers a dividend of $0.185 per share, which represents a 3.1% yield.

Kinaxis (TSX:KXS)

Kinaxis stock has plunged 21% week over week as of close on November 12. At a glance its third-quarter earnings report was positive, but adjusted guidance has hurt the share price into this week. Kinaxis lowered its full-year revenue guidance to between $152 million and $153 million, down from between $152 million and $156 million. According to CFO Richard Monkman, this was due to delays in closing new business in the quarter.

Still, its Q3 2018 results were positive and its long-term prospects remain strong. Adjusted EBITDA rose 14% year over year to $9.5 million in the quarter and total subscription revenue climbed 19% to $27.7 million. Kinaxis stock suffered a drop from an adjusted guidance last summer on the loss of an Asia-based customer. Shares rallied to all-time highs in late August of this year before suffering from recent volatility.

TMX Group (TSX:X)

TMX Group stock has dropped 8.2% over the last three months as of close on November 12. Shares are still up 13.7% in 2018 so far. In the third quarter TMX reported diluted earnings per share of $1.02, which were up 10% from the prior year. Revenue surged 27% year over year to $192.8 million. The stock also last paid out a quarterly dividend of $0.58 per share, which represents a solid 2.7% dividend yield.

CATEGORY

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2. TSX:X (TMX Group)
3. TSX:ZZZ (Sleep Country Canada)

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