



Cheap Growth Stocks for Low-Risk Investors

Description

Who says you need to pay a massive premium to own shares of a company with promising long-term growth prospects? At the [crossroads of growth and value](#), we have oversold growth stocks at value multiples. So, if you're hungry for growth, but are worried about overpaying for a stock that may have gotten too hot, you may want to consider the two names outlined in this piece.

If you've got [a genuinely long-term investment horizon](#) (one that spans years, not months), you'll be able to look past any short- to intermediate-term headwinds pressuring a given stock and focus on what matters — the longer-term fundamentals and the depressed multiple you'll pay today.

While you'll likely have to endure a bit of pain in the near-term by going against the grain, your patience will be rewarded handsomely at the end of the day with the beaten-up growth stocks if your thesis on a company is indeed accurate.

And while it may seem riskier to bet on a name that's got its fair share of baggage, you'll actually be taking on less risk as the odds of buying a stock with a significant margin of safety goes up with severely oversold names that are in the dog house due to reasons that are not at all detrimental to the longer-term growth story.

Without further ado, consider the following two out-of-favour growth stocks if you consider yourself a value-conscious growth investor:

BlackBerry

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) will give you a front-row seat to some of the hottest tech industries on the planet, including cybersecurity, internet of things (IoT), and enterprise software-as-a-service (SaaS), minus the hefty premium due to the bumps in the road suffered over the past few years. BlackBerry has undergone a massive transformation from hardware to enterprise software, and it's been a noisy jump, to say the least.

CEO John Chen is a known turnaround artist, and although BlackBerry's stock chart suggests the

turnaround has been a complete flop, I'd argue that the massive magnitude of the restructuring begs for another few years of investor patience. A slew of acquisitions hold great potential, but they also add further complexities to a story that's already clouded in uncertainty.

While the recent few quarterly setbacks with the enterprise software services (ESS) business may be disheartening, I do think the ensuing selling activity is exaggerated, and contrarians have an opportunity to pay three quarters to get a dollar. BlackBerry stock trades at 1.3 times book and 3.7 times sales, which is really quite absurd given the promising assets and the compelling growth to be had.

Canada Goose

Canada Goose ([TSX:GOOS](#))([NYSE:GOOS](#)) had a successful IPO a few years ago and has since been building a name for itself. While the longer-term fundamentals are still intact, it's essential to realize that as a manufacturer of \$1,000 parkas, Canada Goose is prone to massive ups and downs depending on the state of the global economy, China, in particular.

The company has been doing almost everything right at the company-specific level, with its stellar omnichannel sales presence and brand awareness efforts. But despite this, the Goose is still unable to control exogenous issues that have ultimately dictated the trajectory of the Goose's stock. China is a significant source of growth for Canada Goose, and right now, many pundits expect a percentage point (or more) to be knocked off China's GDP.

When the economy takes a dive, the Goose will fall from the sky, but once the tides inevitably turn, the Goose will return to off-the-charts sales growth as the appetite for its luxury wears continues to surge alongside China's middle class. Analysts at RBC Capital recently reiterated their outperform rating in spite of recent headwinds, citing that "patience is required" to get to the next chapter of the Goose's growth story.

Canada Goose trades at 17 times next year's expected earnings, which is insanely cheap for a company that's capable of posting over 40% in sales growth in a healthy economy.

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1. Investing
2. Stocks for Beginners
3. Tech Stocks

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. NYSE:GOOS (Canada Goose)
3. TSX:BB (BlackBerry)
4. TSX:GOOS (Canada Goose)

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