These 3 Growth Stocks Have Corrected Over 60%: Should You Buy?

Description

Amid the concerns over the impact of rising COVID-19 cases on the rate of economic recovery, the Canadian benchmark index, the **S&P/TSX Composite Index,** has corrected over 3% from its recent highs. Meanwhile, here are three high-growth stocks that have witnessed over 60% correction from their recent highs. Let's assess whether these steep corrections offer any buying opportunities.

BlackBerry

Due to its high short interest ratio, retail investors on social media platform Reddit initiated a short squeeze on **BlackBerry** (TSX:BB)(NYSE:BB), driving its stock price higher to $36 in January. However, the company's stock price has corrected around 65% from those levels to trade at $12.61 as of July 19. After the steep correction, the company looks attractive at these levels, given its multiple growth drivers.

BlackBerry has significant exposure to the automotive sector, with its QNX platform installed in around 195 million vehicles. Also, as we move forward, the software content per vehicle is rising, which could benefit the company.

Besides, the company is also looking to strengthen its position in the growing autonomous, connected electric vehicle market through its recent partnerships with **Amazon** Web Services and **Baidu.**

Meanwhile, the spending on cybersecurity is rising amid increased remote working and learning. With its portfolio of innovative products and recent launches, such as BlackBerry Optics 3.0 and BlackBerry Gateway, the company is well-equipped to benefit from the addressable market growth.

So, given its healthy growth prospects, I believe investors with two years of investment horizon should buy BlackBerry for superior returns.

HEXO

Amid the optimism over Democrats taking over the control of both the houses, the cannabis sector, including **Hexo** (TSX:HEXO)(NYSE:HEXO), had witnessed a strong buying earlier this year.

However, the lack of progress in cannabis legalization at the federal level in the U.S. and its weak third-quarter performance has weighed on HEXO's stock price, which currently trades over 60% lower than its January highs.

Meanwhile, I believe investors should utilize the steep correction to accumulate the stock to earn superior returns.

To strengthen its market share in the beverage category, the company has introduced six new products in April. It is also planning to raise the THC content of its product offerings in the hash category to regain its market share. Apart from its organic growth, acquisitions offer significant growth prospects.

The company recently acquired Zenabis while working on completing the acquisitions of Redecan and 48 North Cannabis. These acquisitions could position HEXO as a top player in the Canadian recreational cannabis space while also delivering significant savings due to synergies. So, I am bullish on HEXO.

Facedrive

Facedrive (TSXV:FD) is my final pick. Investors' optimism over its aggressive acquisitions and geographical expansion had driven the company's stock price to a high of $60 in February. However, amid its disappointing first-quarter performance and concerns over its expensive valuation, it has witnessed a strong selloff. It currently trades over 80% lower from its February highs. Despite the steep correction, the company's valuation still looks expensive.

The company's core business, Rideshare, is struggling, with its revenue falling 72.5% year over year. Besides, the pandemic and pandemic-induced restrictions have severely dented its plans to expand its ride-sharing business in the U.S. and Europe.

Further, the company's growth is only coming through expensive acquisitions, which are driving its losses higher. So, I believe investors should avoid this stock until the company's fundamentals improve.

CATEGORY

1. Cannabis Stocks
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2. NYSE:BB (BlackBerry)
3. TSX:BB (BlackBerry)
4. TSX:HEXO (HEXO Corp.)
5. TSXV:STER (Facedrive Inc.)

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