5 Canadian Growth Stocks That Are Still Undervalued

Description

Canadians continue to be hungry for growth stocks. But with the market recovering, it can be hard to find the right ones. Yet there are still significantly undervalued Canadian growth stocks out there. In fact, during the next year alone, global economic growth could reach 6%. That alone is enough to believe these stocks in particular are set for more growth. So, if you're looking for strong stocks, these are the top options to receive your riches.

Start stable

If you're a Motley Fool investor seeking growth stocks, you want to start your portfolio with some stable growth. You need to find companies that have seen growth for decades, and that you can predict will continue growing for decades more. In this case, the Big Six banks have been great defensive stocks. But above the rest, **Toronto-Dominion Bank** (TSX:TD)(NYSE:TD) is the top of these growth stocks in the banking industry.

TD stock has been outpacing the rest by making strong acquisitions, boosting its online presence, providing financial education and expanding to the United States. All of this has created a diverse stream of revenue set up for growth. Shares of TD stock are up 43% in the last year but remain undervalued with a P/E ratio of 10.6. And over time, TD stock has climbed 780% in the last two decades for a compound annual growth rate (CAGR) of 11.5%.

But I wouldn't stop there. If Motley Fool investors want growth stocks in their portfolio, you'll want another stable stock. I would also consider a solid asset manager like **Brookfield Asset Management** (TSX:BAM.A)(NYSE:BAM). The company has assets around the world, with everything from conservative to risky, oil to renewable energy, and every type of real estate investment in between. It was also hit with US$7 billion in investment from the Ontario Teachers' Pension Plan to reach net-zero carbon goals. Shares are up 45% in the last year and 2,700% in the last two decades for a CAGR of 18% while trading at a 2.3 price-to-book ratio.

Hit high notes

Next up, you're going to want to add some growth stocks that have been seeing high growth. That's easy to say, but what growth stocks are going to *remain* high in the years to come? Two I would recommend in this case are **Lightspeed POS** (TSX:LSPD)(NYSE:LSPD) and **WELL Heath Technologies** (TSX:WELL).

Lightspeed stock has been on a spending spree thanks to the rise in e-commerce levels during the pandemic. It's spent over US$2 billion since January 2020 in acquisitions, solidifying its "land-and-launch" strategy. This gives Lightspeed stock access to over 100 countries where small- and medium-sized businesses get hooked on the company, allowing them to then slowly reach the level of their competitors. Shares are up 223% in the last year alone and at all-time highs. While this is likely to start slowing, it's not going to stop, as e-commerce continues to thrive among growth stocks. With analysts believing Lightspeed stock could rise by a further 40% in the next year, that's undervalued in my book.

Then there's WELL Health stock. The company is also riding a wave but, in this case, through virtual healthcare. While some may worry there will be a return to in-office visits, virtual healthcare is here to stay. It provides a fast, safe, and *cheap* method of seeing patients. Plus, you can now reach clients in communities that don't have access to healthcare on site. WELL Health stock is banking on further growth, recently reaching record revenue without reporting a recent expansion into the United States. Yet even with WELL health stock up 128% in the last year, analysts believe it's likely to climb another 60%.

Future outlook

Now, it's time to put your head into the future. Clean energy is one of the top areas for growth stocks. That's why Motley Fool investors should consider **Brookfield Renewable Partners** (TSX:BEP.UN)(NYSE:BEP). The company saw major growth when President Biden announced a clean energy plan, but then came the pullback. This leaves a prime opportunity to jump on this stock before it rebounds. Shares are still up 25% in the last year but could bump 48% to reach January highs. Meanwhile, it has had 2,179% in growth over the last two decades, creating a strong long-term hold for any portfolio.

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TICKERS GLOBAL

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2. NYSE:BN (Brookfield Corporation)
3. NYSE:LSPD (Lightspeed Commerce)

4. NYSE:TD (The Toronto-Dominion Bank)
5. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
6. TSX:BN (Brookfield)
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