3 Beaten-Down Growth Stocks to Buy for 2022

Description

As much as we'd like them to, growth stocks don't always go up. In fact, investors should expect a 10% decline at least once per year. Fortunately, it's the actions that investors make during downturns that create wealth over time. Massive corrections in the stock market allow investors to buy shares heavily discounted shares. Once the factors negatively affecting stocks have disappeared and recoveries begin, investors could see massive returns. In this article, I'll discuss three beaten-down growth stocks to buy for 2022.

The telehealth industry has massive potential

In 2020, the COVID-19 pandemic sparked major interest in the telehealth industry. As a result, investors pushed telehealth stocks through the roof. **WELL Health Technologies** (TSX:WELL), one of the leaders in the Canadian telehealth industry, saw its stock gain more than 400% in 2020. However, investors may have thought that the stock rose in value too much, too fast and have been locking in profits this year. In 2021, WELL Health stock has fallen 37%.

Despite the lacklustre performance in WELL Health stock, the company has continued to grow. It now operates 75 primary health clinics in Canada and two in the United States. WELL Health's online marketplace, apps.health, now supports 36 apps that healthcare professionals can use to optimize their telehealth services.

WELL Health stock may be having a tough year, so far, but the telehealth industry is forecasted to grow at a CAGR of 32.1% from 2021 to 2028. If WELL Health can continue expanding into the United States and other countries, it could see massive growth over the next decade.

Short reports can do big damage

It's not uncommon for popular growth stocks to be targets of short reports. In fact, many of the market's top companies have been targeted in the past. **Shopify** was targeted by Citron Research several times, yet the company has managed to push forward with ease. The same can't be said with **Nuvei** (
TSX:NVEI

)(NASDAQ:NVEI). Since a short report targeting the company was released by Spruce Point Capital, the stock has fallen more than 40%.

In response, Nuvei's board of directors stated that the short report was intentionally misleading. It also stated that Nuvei would continue to have the full support of its board. Analysts are also in the same boat, as they see 115% potential upside from here. Short reports can have significant effects on a stock, but investors should take them with a grain of salt. It's important to look at the big picture and assess how much of that short report is true and could affect things long term. This is a great opportunity to buy Nuvei shares at a discount.

The e-commerce industry will drive this stock forward

Over the past few years, e-commerce has slowly increased its penetration of the broader retail industry. However, over the past year and a half, the COVID-19 pandemic has greatly accelerated this penetration. This is even true for things like online groceries. As a result, companies like **Goodfood Market** (TSX:FOOD) saw tremendous returns last year.

Unfortunately, the stock was unable to continue its strong rally in 2021. Year to date, Goodfood stock has fallen more than 65%. This, despite Goodfood continuing to grow its revenue and number of SKUs. It's likely the this decline in value is due to institutional investors locking in massive profits over the past year. If that's really the cause of Goodfood's slump, then investors could see excellent gains over the long run, once investors understand how undervalued the stock is.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. TSX:FOOD (Goodfood Market)
3. TSX:NVEI (Nuvei Corporation)
4. TSX:WELL (WELL Health Technologies Corp.)

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