3 Beaten-Down Growth Stocks to Buy Before They Rebound Sharply

Description

Tech stocks have been beaten down in recent months. These growth stocks were flying high last year but have had their wings clipped by the Fed and inflation this year. Most haven't seen their peak market price since February.

That's precisely the kind of opportunity long-term investors need. These beaten-down growth stocks won't be cheap for long. Their rebound could be imminent, especially if we have a so-called Santa Rally next week.

Here are the top three beaten-down growth stocks to buy now.

Growth stock #1

Lightspeed Commerce (TSX:LSPD)(NYSE:LSPD) is an obvious candidate for this list. The company's core business of online payments and e-commerce is as strong as ever. In fact, the company's NuORDER platform is helping merchants solve the supply chain crisis they now face.

In other words, Lightspeed is an integral part of the online economy. However, investors may have been a bit too excited about the company's prospects last year. At one point, the stock was trading at 43 annual sales! There's no polite way to say it — that valuation was preposterous.

Now, the stock has lost 66% of its value from September. It's trading at 14 times sales. The company is also forecasting strong growth for the years ahead. That means the pendulum has swung from overvalued to undervalued in a matter of months.

Keep an eye on this beaten-down growth stock.

Growth stock #2

WELL Health Technologies (TSX:WELL) has been gradually losing value for much of this year. The stock is down 46% from its all-time high set in February. However, this plunge doesn't reflect the growing strength of the underlying business.

WELL Health is still on track to expand across the United States. It's also on track to deliver $400 million in annual revenue this fiscal year. Meanwhile, the company's market cap has dipped from $1.5 billion to roughly $1 billion. That means the growth stock is trading at a price-to-sales ratio of just 4.5.

Assuming sales keep expanding in 2022 and the company reaches profitability in the next few years, this stock could surge.

Growth stock #3

Topicus.com (TSXV:TOI) is another beaten-down growth stock that won't be cheap for long. In fact, the stock has already surged 23% over the past week!

Topicus is a spinoff of Canada's most successful enterprise software giant: **Constellation Software**. Like its former parent company, Topicus is focused on assimilating niche software firms at reasonable valuations. However, it's focused on acquisition targets in Europe, where the valuations are much lower.

Since its spinoff earlier this year, the stock has surged 90%. However, the stock is still trading 16% below its all-time high, which is why it barely fits the description of "beaten down."

Unlike other entries on this list, Topicus is cash flow positive. Over the nine-month period ended in September, the company generated $66 million in free cash flow attributed to shareholders. That means the company's strategy is profitable and sustainable over the long term.

This could be an ideal growth stock to buy in 2022.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:LSPD (Lightspeed Commerce)
3. TSX:WELL (WELL Health Technologies Corp.)
4. TSXV:TOI (Topicus.Com Inc.)

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