3 Beaten-Down Growth Stocks to Buy Today

Description

It has been a wild ride for growth stock investors in the back half of 2021. While the **TSX Index** is only down 4% from all-time highs, many of Canada's fastest-growing stocks are down 20% or more. Certainly, the fact that it is tax-loss selling season doesn't help.

Some of the most beaten-down TSX stocks get hit even harder as investors sell at a loss to offset capital gains. Yet, this indiscriminate selling can be a gift to contrarian investors.

Someone's tax loss can be your long-term gain

Stocks that are sold off in December often enjoy a nice bump in January when investors re-enter those holdings. This can be a nice way to flip stocks at a quick profit. My preference is to just buy them at a bargain price and hold them, especially if I believe they are good-quality companies.

Three growth stocks that look beaten down and interesting for a post tax-loss *buy* are **Lightspeed Commerce** (TSX:LSPD)(NYSE:LSPD), **Northland Power** (TSX:NPI), and **goeasy** (TSX:GSY).

Lightspeed stock

If you look at Lightspeed Commerce's chart for the past six months, it isn't pretty. It's down 66% since September. It got hit by a short report and then presented a weaker-than-expected outlook for the coming year. Add in fears about the Omicron virus and end-of-year selling, and this stock just went nowhere but down.

Certainly, there are some risks with this business. It is not profitable. It appears it could take a number of years to get there. Secondly, its retail and hospitality merchants are right in the heart of the Omicron storm. However, it is Lightspeed's sales platform that is actually helping many merchants succeed through the pandemic challenges.

Lightspeed is still a pricey stock at 14 times sales. Yet, for a stock growing by near triple digits, that price is somewhat reasonable. This stock is not risk-free, but I believe more risk is factored into the stock than is due. It could see a nice pop once selling pressure wanes in the new year.

Northland Power stock

The recent selloff in renewable power stocks is a great opportunity to buy a long-term trend. Northland Power looks interesting at $38 per share. This growth stock is down 17% this year. It is trading at an attractive 13 times EBITDA.

This is a great way to play the long-term green power revolution. Northland is becoming a leader in offshore wind development. While growth stalled in 2021, Northland is investing heavily in a four-gigawatt development pipeline. It hopes to double its adjusted EBITDA over the next five years. **Credit Suisse recently upgraded this stock to an outperform and stated:**

> “From our perspective, NPI is very interestingly positioned given the role in offshore wind across several jurisdictions on (largely) a favourable risk-adjusted basis with a high degree of potential prospects.
> *Credit Suisse*

goeasy stock

Another stock that looks intriguing is goeasy. It is one of Canada’s largest sub-prime lenders. In the recent stock market selloff, it pulled back nearly 10%. Today, it trades with a price-to-earnings ratio of only 11.5. For a stock that has pulled off a 630% return over the past five years, that seems pretty cheap.

Most banks have abandoned the sub-prime market. Consequently, goeasy has had a great opportunity to capture market share. It is diversified both through brick-and-mortar and online lending platforms. This has been fuelling revenue growth of around 20% a year and earnings-per-share growth of around 30% a year. If this business keeps executing, it deserves to pop up and beat the market again in 2022.

CATEGORY

1. Coronavirus
2. Investing

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:GSY (goeasy Ltd.)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:NPI (Northland Power Inc.)

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