



## 3 Growth Stocks That Could Rally in 2022

### Description

No stock will be a winner every year. Typically, stocks in different sectors take turns performing. This year, we saw horrific declines in [growth stocks](#) **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) and **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) from their highs, as they were challenged with short-seller reports by Spruce Point Capital Management. Aside from that, the tech stocks were also trading at high multiples, which prompted a selloff in the sector.

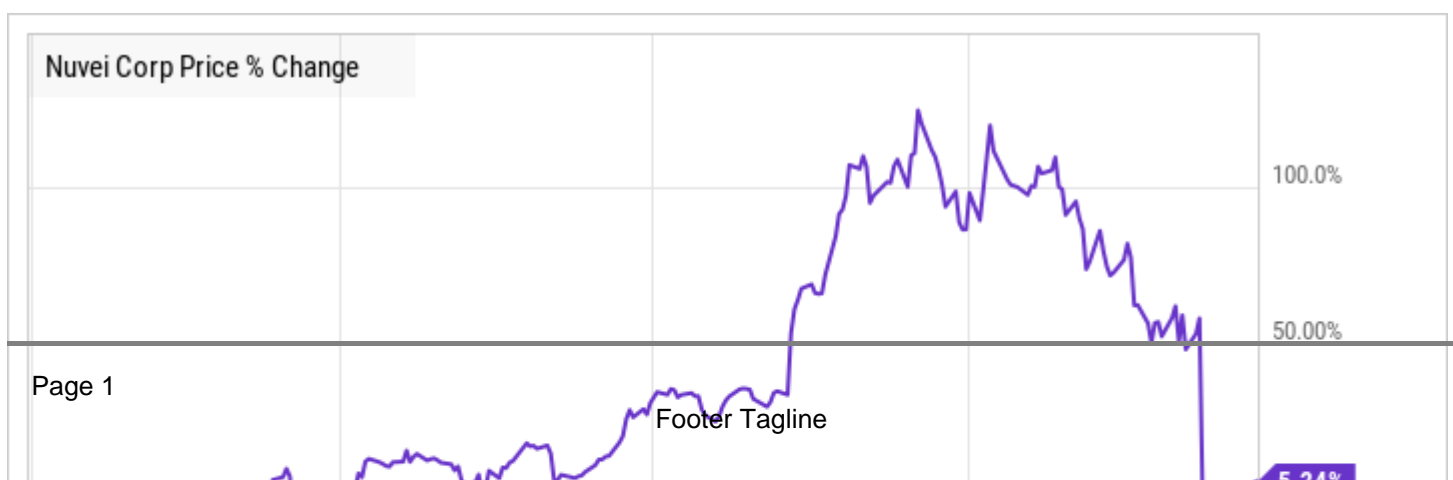
My first experience of holding a stock that was attacked by a short-seller report was terrifying. I reacted emotionally and ended up buying when I meant to sell. (It was odd that my bank somehow allowed me to purchase when I didn't have the money in the account.) Since I didn't have the money in the account, I ended up immediately selling the doubled shares. This was bad, because of the "[superficial loss](#)" rule [that] states that if an investor buys back the same security [before or after] 30 days of sale, the tax benefit from the capital loss will be nullified," as explained by **RBC** Global Asset Management.

Knowing about the "superficial loss" rule, investors should be able to save taxes from capital-loss selling in taxable accounts. Sometimes, it means buying a peer if you're really inclined on purchasing within 30 days of a sale.

Each short report case is independent. Investors need to look at them on a case-by-case basis, much like choosing whether or not to invest in a stock.

### Nuvei stock

Nuvei stock dropped more than half from its high, but year to date (YTD), it's up 5%.



NVEI data by YCharts

The following commentary from *5i Research* should reassure investors: “Usually these short reports are skewed to look as bad as possible. None of the allegations are proven at this time. Just because a stock is down does not mean the report is valid.”

This analyst still believes in Nuvei stock.

“The company’s done everything you want it to do — a really strong earnings results. They had a good beat on both revenue and EBITDA, guided forward results higher, and the stock’s down about 20% after that report. Nuvei’s peers in the payment space have also been under pressure... Nuvei has a fantastic position with its online verticals really focused on regulated industries and has a business model that allows cross-border transactions, different payment methods, and also the ability to buy their solutions a la carte... So, it’s really outpacing market growth by quite a bit...”

*Jennifer Radman, head of investments and senior portfolio manager at Caldwell Investment Management*

13 analysts have a 12-month price target of \$154, which represents 88% near-term upside potential in Nuvei stock today.

## Lightspeed stock

Lightspeed stock corrected about two-thirds from its high and down 41% YTD. Even value investors are taking notice of the growth stock:

“...It’s had a *tremendous* correction [that’s] very overdone, which started with some short report, which we went over and completely dismissed... It’s still growing tremendously, great margins, adding this payment solution, which is going straight to the bottom line... There’s probably a lot of tax-loss selling going on now so it’s probably a really good entry point at this level.”

*Stephen Takacsy, president, CEO and CIO at Lester Asset Management*

Across 14 analysts, the 12-month price target of \$123 suggests an appreciation potential of 133% over near term.

If you’re concerned about the potential validity in parts of the short-seller reports, you can sidestep all this drama by avoiding Nuvei and Lightspeed stocks today and invest other tech stocks.

## Converge stock

**Converge** ([TSX:CTS](#)) stock could be a good growth stock to buy now. It’s trading about 18% off from its high and up 117% YTD. The company has executed its growth strategy well so far, which involves M&A internationally, expanding margins, and cross-selling.

5i Research has positive commentary on the stock:

“Their growth strategy is primarily acquisitive. They also see tailwinds from rising demand for software and IT services. Management has a clear plan and has met targets well. There is room for greater institutional ownership over time.”

*5i Research*

The tech stock has gained greater analyst coverage over the last year. 12 analysts believe an upside of 26% is possible over the next 12 months.

## CATEGORY

1. Investing
2. Tech Stocks

## TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:NVEI (Nuvei Corporation)

## PARTNER-FEEDS

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