3 Discounted Companies to Consider Before They Bounce Back

Description

You should never let a good bargain pass without due consideration because you might not see it again for a very long time. That's just as true for stocks as it is for shopping. Good discounts are hard to come by and are usually the result of specific market conditions. The sooner you take advantage of these discounts, the better because once the company bounces back, there is no telling when it will fall to the discounted "level" again.

An auto-parts manufacturer

Martinrea International (TSX:MRE) is a Vaughan-based company with a market capitalization of about $864 million. It creates propulsion systems and lightweight structures for the automotive industry. The lightweight structures help vehicles become more fuel/energy efficient, and the propulsion system solutions are still tied to conventional vehicles. The company has 57 locations in 10 countries.

Martinrea stock is both undervalued *and* discounted. The stock has been sliding downward since its January peak and has already fallen about 33%. It's also trading at a price-to-earnings ratio of just 9.5. Since the stock's history has been one of cyclical growth, buying it now when it has fallen to its new depth (or is moving towards it) gives you a decent chance of capital appreciation in the short term. It also pays dividends, and the current yield is 1.8%.

A renewable energy company

The renewable energy business is getting more limelight now than ever, which is why **Brookfield Renewable Partners** (TSX:BEP.UN)(NYSE:BEP) 28% slump is a bit unusual. The most rational explanation is that the stock is correcting after the post-pandemic growth, which was significantly more fast paced than the stock's usual growth rate.

But the decline in the market value has benefitted the yield, which has jumped up to about 3.4%. It's a long-term holding with renewable assets all around the globe, perfectly poised for growth as the world moves more rapidly towards a net-zero future. Buying now, when it's discounted as well as offering a healthy yield, will add to its overall return potential.

A media company

Quebecor (TSX:QBR.B) is a Quebec-based media and telecom company with a very healthy history of growth in the last 10 years. The stock didn't grow unnaturally fast post-pandemic, which is why the current decline might not last as long as other companies suffering from an overdue correction. The 21.5% discount is still great for a company that offers a 10-year CAGR of 14.1%.

Another great benefit of the slump is the yield which has risen to 3.95%. Since the company is a Dividend Aristocrat with a promising payout history and very generous dividend increases, it's an amazing undervalued *and* discounted buy for both its capital appreciation potential and its dividends. Its deep regional roots and loyal clientele give it a major competitive edge.

Foolish takeaway

The three discounted growth stocks can prove to be great assets to your portfolio, especially if you buy now. You won't just increase the capital appreciation potential by buying low, you will also get to lock in higher yields. And the stocks, once in sync with the broader bull market, might not offer the same discounts for years to come.

CATEGORY

1. Dividend Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:BEP (Brookfield Renewable Partners L.P.)
2. TSX:BEP.UN (Brookfield Renewable Partners L.P.)
3. TSX:MRE (Martinrea International Inc.)
4. TSX:QBR.B (Quebecor Inc.)

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