3 Beaten-Down Stocks to Buy Immediately

Description

A stock can dip for a wide variety of reasons, but in most cases, the reasons can be classified into two categories: internal and external reasons. External causes can come from the broad market (like the whole TSX dropping), industry, or even a niche within an industry. These reasons are *generally* harmless, and the stocks usually recover quite quickly.

And even though most external reasons are benign, even helpful, since they put up a discount tag on the stock, they can sometimes be quite dangerous (like technologies that disrupt and render others obsolete). Still, the internal reasons are the ones you should really be worried about.

That said, there are three beaten-down stocks that you might consider buying right now.

A commerce solutions company

mdf commerce (TSX:MDF) was Mediagrif up until September 2020, but it has rebranded to convey a better sense of what the company is about: commerce SaaS tech and other commerce-related solutions, primarily eProcurement (merx). It's the number one electronic tendering service in the country. The other solutions the company is offering also have decent traction in their respective industries.

The stock is currently quite aggressively discounted. It has been sliding down quite consistently since its 2021 peak and is currently trading at a 66% lower price from that peak. However, the financials are moving in the opposite direction. The eProcurement giant in Canada might start moving up soon.

In its current beaten-down condition, it can double your money *before* its price reaches the 2021 peak level, which was about 19% lower than the all-time high point in 2013.

A precious metal company

Gold stocks often dip when the market is up and spike when there is uncertainty in the market.

However, few are *as* beaten down right now as **New Pacific Metals** (TSX:NUAG) is. This Vancouver-based $579 million market cap company is currently sporting a 56% discount tag from its 2021 peak. This hard fall can be chalked up to the powerful 200% growth from the crash valuation to the 2021 peak.

But a better reason to buy the stock (apart from the hefty discount) is over 300% growth in 2019-2020. If the stock has dipped down to or near its rock-bottom valuation and is ready for another growth spurt like the one preceding the pandemic, you can turn in a neat profit.

A home healthcare company

Viemed Healthcare (TSX:VMD)(NASDAQ:VMD) is a niche home healthcare company based in the United States. It's the third-largest company in its country for patients suffering from respiratory diseases, especially Chronic Obstructive Pulmonary Disease (COPD). The company offers not therapeutic homecare but the appropriate equipment that can contribute towards bettering the lives of patients suffering from this class of diseases.

Considering the strong connection between COVID and respiratory conditions, the company should have seen a massive rise in revenues, and it did, but it peaked around the second quarter of 2020.

Now, it's on the downward track, but the company might turn a corner from the next quarter. Also, the stock was growing at an amazing pace before the pandemic, and since then it has fallen 39% below its pre-pandemic valuation, it seems poised for the next phase of organic growth.

Foolish takeaway

While all three are aggressively beaten down, not all three are undervalued stocks. Still, if the stocks start recovering before the valuation catches up and you miss the chance of buying them at their current discounted price, you may miss out on some of the growth as well, which will not be balanced out by the potential undervaluation.

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