



4 Cheap Stocks Poised to Beat Market Averages

Description

The stock market continues to remain highly volatile. Newer variants of the coronavirus, inflation concerns, difficult comparisons, and high valuations make it tough to invest in equities. While the volatility in the market could remain elevated in the near term, several high-quality stocks are trading cheap, providing an excellent buying opportunity.

In this article, I'll discuss four TSX stocks that are trading cheap but have strong growth potential.

StorageVault Canada

StorageVault Canada (TSXV:SVI) offers storage locations and logistics services. The company is rapidly expanding its rentable space and is growing fast. Thanks to its strong financial performance and solid fundamentals, StorageVault stock has increased over 81% over the past years and outperformed the market averages by a wide margin.

Despite the surge in its price, StorageVault stock is trading cheap (under \$10). Moreover, I expect the ongoing momentum in its core business, strategic acquisitions, growing rentable space, and strong competitive positioning to drive its top line and, in turn, its stock price. Further, higher occupancy, cost optimization, and operational efficiency augur well for growth.

Lightspeed

The significant correction in **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) stock has made it cheap on the valuation front. It's worth noting that Lightspeed stock is trading at an NTM EV/Sales multiple of 7.2, which is significantly lower than its historical average of 23.6.

Besides [trading cheap](#), Lightspeed offers high growth. The shift in selling models towards omnichannel platforms, increased payments penetration, expansion into high-growth markets and verticals, and large addressable market positions it well to deliver stellar financials in the coming years. Moreover, acquisitions, higher average revenue per user, and product innovation will likely accelerate its growth

and push its stock price higher.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#))([NYSE:AQN](#)) operates a low-risk business. However, it has consistently outperformed the benchmark index over the past several years and offers reliable dividend income.

Algonquin Power's growing rate base will expand its high-quality earnings base, which, in turn, will drive its earnings and stock price. Meanwhile, its long-term contracts, renewable power capacity expansion, and strategic acquisitions will support its growth.

It has projected a 7-9% annual growth in its earnings over the next five years, which is encouraging. Moreover, its stock has witnessed a healthy pullback, making it cheap on the valuation front. Overall, it has a high-quality utility base, profitable growth, low valuation, and a [high dividend yield](#) of 4.9%.

Absolute Software

Absolute Software ([TSX:ABST](#))([NASDAQ:ABST](#)) stock is another top-quality stock trading cheap. Notably, its NTM EV/sales multiple of 3.1 compares favourably to the peer group average of 5.5. Moreover, it is well below its historical average.

Besides trading cheap on valuation, Absolute Software has multiple growth vectors that support my view. I expect the higher enterprise spending on digital transformation and cybersecurity will drive demand for its products and offerings.

Moreover, its large addressable market, product innovation, and growing geographical footprint augur well for growth. Also, accretive acquisitions, higher customer retention rate, and cross-selling are expected to accelerate its growth rate and drive its stock price higher.

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