3 Cheap, High-Growth Stocks to Buy in February

Description

While creating a solid long-term portfolio, one should allocate a portion of their funds to the shares of the companies that have been consistently growing fast. The reason is obvious — shares of these growth companies will likely outperform the market averages in the long run and deliver higher returns.

It's worth noting that several top-quality high-growth stocks are trading cheap due to the recent correction in the stock market. So, if you plan to add a few high-quality growth stocks to your long-term portfolio, here are my top three picks.

Lightspeed

The expected moderation in its organic growth rate and a short report from Spruce Point Capital Management led to significant selling in the shares of **Lightspeed Commerce** (TSX:LSPD)(NYSE:LSPD). To be precise, this commerce-enabling company have lost nearly 66% of its value in the past three months, while it is down over 19% this year.

The massive correction in its price has led to compression in its valuation. Notably, Lightspeed stock is trading at NTM (next 12-month) EV-to-sales multiple of six, which is significantly below its historical average, thus making it an attractive long-term pick.

While difficult year-over-year comparisons and economic reopening could lead to a deceleration in its organic growth, Lightspeed will likely grow its financials rapidly on the back of the continued demand for its digital products, large addressable market, expansion into high-growth markets and verticals, and increased payments penetration.

Moreover, product innovation, strategic acquisitions, and adoption of its multiple modules by existing customers augur well for future growth.

Absolute Software

Shares of **Absolute Software** (TSX:ABST)(NASDAQ:ABST) have corrected nearly 59% from the 52-week high due to the overall selling in tech stocks amid growth and valuation correction. Owing to the decline, Absolute Software is trading at a forward EV-to-sales multiple of three, which is well below its historical multiples and compares favourably to the peer group average of 5.6.

While Absolute Software faces tough comparisons, the ongoing strength in its recurring revenues, product expansion, growing global footprint, and higher enterprise spending will likely drive its financials.

Overall, its low valuation, profitable growth, high net dollar retention rate, and cross-selling opportunities support my bullish outlook.

Nuvei

Like Lightspeed, a short-seller report erased a significant portion of **Nuvei's** (TSX:NVEI)(NASDAQ:NVEI) stock price. Notably, Nuvei stock is down about 57% from its 52-week high, and I see this as an opportunity to accumulate it at current levels.

While Nuvei's management termed the short report as misleading, the company reiterated the revenue and volume outlook for the medium term.

I expect Nuvei to deliver strong financials and benefit from secular industry trends, customer growth, expansion of addressable market), and entry into high-growth verticals like e-commerce and regulated online gaming. Further, product innovation, increased revenues from existing customers, and opportunistic acquisitions will likely accelerate its growth.

Overall, Nuvei's low valuation, growing capabilities, increasing geographic footprint, expansion into newer verticals, and acquisitions provide a strong foundation for future growth and support my bullish view.

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2. NASDAQ:NVEI (Nuvei Corporation)
3. NYSE:LSPD (Lightspeed Commerce)
4. TSX:ABST (Absolute Software)
5. TSX:LSPD (Lightspeed Commerce)
6. TSX:NVEI (Nuvei Corporation)

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Date
2025/07/08
Date Created
2022/02/01
Author
snahata

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