3 Best Discounted Stocks for Q1 2022

Description

At any given time, there are tens, if not hundreds, of stocks that offer “discounts” in double digits from their recent peaks, and that’s not taking the cyclical stocks into account. Sometimes, most of the stocks belong to the same sector, which is slipping down as a whole, like what’s happening with the tech sector right now. Other times, it’s the result of a correction that stocks might be going through after a spike.

Whatever the reason is, these discounted, sometimes down-trodden stocks can be powerful long-term holdings and may offer impressive returns, either given enough time or when the certain market/sector conditions are met. For the first quarter of the year, there are three heavily discounted stocks that should be on your radar.

A golden stock

Many Canadian gold companies have operations in other countries, and **Novo Resources** (NYSE:NVO) follows this trend. It’s a Vancouver-based company that operates in a specific region in Western Australia. It owns (partly or wholly) about 13,000 square kilometres, which is larger than most Canadian cities. Currently, it has a 100% stake in two gold projects, one of which is production-ready.

The company saw a massive spike in valuation in which it grew about 927% in less than four months. The stock has been in a steady decline ever since, and though it has grown to over 100% twice in the last five years, it has gone down quite brutally from its 2021 peak. The current nearly 69% discount has pushed the stock to about $1 per share.

And if there is even a tiny probability that the stock can reach its peak valuation again any time in the next decade, you should consider buying it for the eight times growth it might offer.

A sustainable bus manufacturer

Sustainability is all the rage right now, as we move closer to net-zero by 2050, a lofty dream without some drastic measures taken. One of these measures is focusing on sustainable mass transit, and that's where Winnipeg-based **NFI Group** (TSX:NFI) comes into play. The group is composed of seven companies and has expanded its range from zero-emission buses (ZEB) to infrastructure solutions and fleet management as well.

The business model makes it a secure investment for a green future, but it can also bring the other kind of green to your portfolio if it can replicate its former growth pace. The company grew its valuation by about 830% between 2011 and 2018 peaks.

It's currently trading at a 67% discount from that peak. With the largest production capacity of sustainable buses in both North America and the U.K., the stock certainly has the potential to start growing at the same potential again as demand rises.

A discounted e-commerce company

The tech sector in Canada is sliding down at a powerful pace, but the decline of **Lightspeed Commerce** (TSX:LSPD)(NYSE:LSPD) is even more compelling. The stock has fallen by about 74% from its 2021 peak. One trigger for that decline was a report published by a short-selling company that portrayed Lightspeed in a very unattractive light, especially as an investment asset.

The company made some radical changes recently, the most significant of which is a change in leadership. There is a new CEO, and this, together with the tech sector's general recovery, could be the trigger that sets Lightspeed on its growth path again. It also published its earnings reports recently, which was quite unflattering, but the next quarter may be slightly better.

Foolish takeaway

Even though all three are heavily discounted, only one of the three is actually an undervalued stock (Novo). Still, the growth potential is there. If you can keep these assets long enough in your portfolio, you may get to capture the upside they could offer when the circumstances are right.

CATEGORY

1. Dividend Stocks
2. Investing
3. Metals and Mining Stocks
4. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. NYSE:NVO (Novo Nordisk A/S)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:NFI (NFI Group)

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Author
adamothman