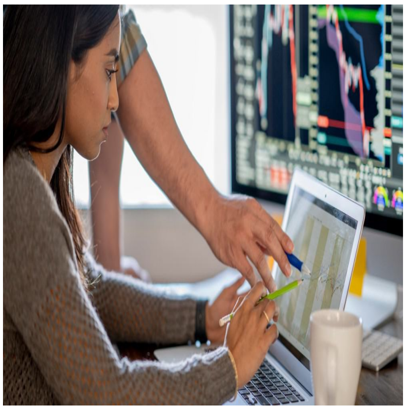

3 Discounted Canadian Growth Stocks to Buy Right Now

Description

It is never easy buying Canadian growth stocks when they are discounted and cheap. It is much easier to buy a growth stock when it is soaring, and sentiment is positive. However, buying in this scenario can also mean sacrificing returns. You pay an overweighted valuation multiple that can quickly be upturned if business fundamentals decline.

Buy Canadian growth stocks when they are cheap

However, buying when sentiment has left means you can often pick up great quality growth stocks at discounted valuations. If you can hold on through the bear market, you can capture some significant returns over the long term.

The point is, buying Canadian stocks when it feels the worst (a bear market) is actually the most de-risked way to invest. Buying when it feels the best can often be the riskiest investing. It's an interesting conundrum. If you don't mind buying "against the tide," here are three Canadian growth stocks that look interesting today.

Brookfield Asset Management: A top stock for every Canadian

Brookfield Asset Management (TSX:BAM.A)(NYSE:BAM) is down nearly 5% over the past three months. Any dip in this Canadian stock has historically been a great long-term buying opportunity. Over the past five years, it has a delivered a compounded annual average return of 19.3%.

In its recent year-end results the company generated a record $12.4 billion of net earnings. Assets under management grew over 2020 by 15% to $688 billion. Distributable earnings per share increased 44% to $3.96 per share.

These were exceptional results, but the market seemed to yawn. Despite equal or better operational performance, BAM trades at a discount to other asset managers like **Blackstone**. As a result, Brookfield's management is contemplating creative ways to bridge that valuation gap. Given its track record, I believe it will unlock that value and that presents some attractive return opportunities from here.

TELUS International

Another beat-down growth stock is **TELUS International** (TSX:TIXT)(NYSE:TIXT). This Canadian stock is down 26% over the past three months. It keeps hitting 52-week lows, so I would wait for the stock to bottom before entering. Despite the decline, the company has continued to perform well.

In its recent annual results, it beat analysts' consensus forecasts and exceeded its 2021 revenue and adjusted EBITDA guidance. It saw +35% growth in the year! TIXT continued to make some big customer wins in telecom, gaming, software, and graphics, as well as several current program expansions.

TIXT has a diversified customer experience platform with unique AI and machine learning capabilities. This sets it apart from its peers. For a business growing revenues and EBITDA by around 20% a year, it only trades for 12 times EBITDA today. For a long-term investor, it looks pretty attractive.

BRP Inc.

Another great undervalued Canadian growth stock is **BRP Inc.** (TSX:DOO)(NYSE:DOOO). It manufactures some of the leading recreational vehicle brands in the world (Sea-Doo, Ski-Doo, Can-Am, etc.). BRP has delivered exceptional returns for investors over the years. Its stock has a delivered a 30% compounded annual growth rate (or a 273% return) over the past five years.

Yet today this stock only trades at 9.8 times earnings and 15 times free cash flow. Some investors have worried about the impacts of the supply chain crisis on its business. However, these are largely temporary. The company continues to expand manufacturing capacity, deliver innovative products, and produce attractive earnings. This Canadian stock won't be so cheap forever, so today looks like a perfect long-term entry point.

CATEGORY

1. Investing
2. Stocks for Beginners

TICKERS GLOBAL

1. NASDAQ:DOOO (BRP Inc.)
2. NYSE:BN (Brookfield Corporation)
3. NYSE:TIXT (Telus International)
4. TSX:BN (Brookfield)
5. TSX:DOO (BRP Inc.)
6. TSX:TIXT (Telus International)

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