Looking to Invest? Grab goeasy, Shopify, and More

Description

The sharp selling in the market, particularly in high-growth stocks, has created an opportunity for investors to accumulate shares of some of the top-quality Canadian companies. While the Russia/Ukraine crisis, and fear of inflation and interest rate hike could keep the market volatile, the significant correction in stocks suggests that negatives are priced in.

So, if you plan to put money in equities, consider buying the shares of **goeasy** (TSX:GSY), **Shopify** (TSX:SHOP)(NYSE:SHOP), and **Absolute Software** (TSX:ABST)(NASDAQ:ABST).

Shares of these companies are trading cheap. Moreover, they have multiple growth catalysts that accelerate the pace of recovery. Let's take a closer look.

goeasy

Shares of this financial services company have declined about 40% from the 52-week high. Meanwhile, it is down about 27% this year. I see this pullback in goeasy as an opportunity to grab the shares of this high-growth company that has consistently outperformed the market and multiplied investors' wealth.

Barring short-term challenges, goeasy would benefit from higher loan originations, a growing addressable market, expansion of products and channels, omnichannel offerings, and higher loan ticket size. Moreover, opportunistic acquisitions are expected to accelerate its sales growth.

While goeasy's top line is expected to grow rapidly, operating leverage and strong credit performance will cushion its bottom line and drive its dividend. goeasy has consistently increased its dividend at a strong double-digit rate and offers a dividend yield of 2.9%.

Shopify

Shopify stock fell over 58% this year, and this correction in its price represents a solid opportunity to buy. It's worth noting that the decline in its price has led to a compression in its valuation. Shopify is trading at a forward EV-to-sales multiple of 9.6, which is at a multi-year low and considerably below the historical average.

Overall, Shopify's low valuation, multi-channel platform, expansion of its product suite, strengthening of fulfillment network, expansion into newer geographies provides a solid base for growth. Meanwhile, its growing market share in the U.S. retail, the addition of new sales and marketing channels, increased adoption of its payments solutions, and growing merchant base position it well to beat the market averages by a wide margin.

Absolute Software

Absolute Software stock has dropped more than 46% from its 52-week high. The expected moderation in its growth amid economic reopening and general selling in the equity market led to a decline in ABST stock.

Due to the decline, Absolute Software stock is trading at a forward EV-to-sales multiple of three, which is lower than the peer group and historical average and presents an opportunity to accumulate it at current levels.

It's worth noting that Absolute Software's revenues benefited from the accelerated demand for its cybersecurity products amid the pandemic. Moreover, the strength in its base business continues driving its annual recurring revenue at a brisk pace.

Besides strong organic sales, its growing customer base and high retention rate augur well for growth. Also, the expansion of product suite, entry into newer geographies, large addressable market, and opportunistic acquisitions support my bullish view.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:ABST (Absolute Software)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:ABST (Absolute Software)
4. TSX:GSY (goeasy Ltd.)
5. TSX:SHOP (Shopify Inc.)

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snahata