3 Canadian Growth Stocks to Buy and Hold Forever

Description

Growth stocks will grow their financials above the industry average, thus delivering superior returns. Given their higher return potential, these companies trade at higher valuations. So, investors with higher risk-tolerance ability could buy these companies to earn substantial returns in the long run. Growth stocks have witnessed a considerable selloff over the last few months amid the expectation of multiple interest rate hikes.

However, the steep pullback has provided long-term investors an excellent buying opportunity in the following three stocks, given their high-growth potential.

goeasy

Over the last two decades, **goeasy** (TSX:GSY) has been delivering stellar performance, with its revenue and adjusted EPS growing at a CAGR of over 12% and 25%, respectively. Supported by these strong performances, the company has delivered impressive returns at a CAGR of above 39%. Despite its solid performance, the company has acquired only 1% of the sub-prime lending market. So, it has substantial growth potential.

The sub-prime lending market is highly fragmented. Given its expanded product range, new channel development ability, the addition of new business verticals, and geographical expansion initiatives, goeasy is well equipped to increase its market share in the coming years. The company's management hopes to grow its loan portfolio by 80% over the next three years to reach $3.6 billion by 2024. Meanwhile, the management also expects to maintain its operating margin above 35% while delivering a return on equity of over 22%. So, goeasy's growth prospects look healthy.

Meanwhile, goeasy has also rewarded its shareholders by raising its dividend at a CAGR of over 34% since 2014. So, considering all these factors, I believe goeasy would be an excellent addition to your portfolio.

Nuvei

Over the last six months, **Nuvei** (TSX:NVEI)(NASDAQ:NVEI) has lost over 50% of its stock value due to various reasons, including a short report from Spruce Capital Management, rising interest rates, higher valuations, and geopolitical tensions. However, the steep correction has provided an excellent buying opportunity, given its high-growth potential.

The pandemic has accelerated the adoption of online shopping, making digital transactions popular. This transition has created a long-term growth potential for Nuvei, which provides seamless digital transactions to merchants in over 200 markets worldwide. It also supports local and alternative payment technologies, including cryptocurrencies.

Further, the company also supports regulated online gaming and sports betting operators in over 10 states in the United States and Ontario. It also makes strategic acquisitions to drive growth. So, given its multiple growth drivers, I believe Nuvei is an excellent stock to buy at these levels.

Cargojet

My final pick is **Cargojet** (TSX:CJT), an air cargo company. Supported by a solid fleet of 29 aircraft, the company provides next-day delivery service to over 90% of the Canadian population, enjoying a competitive advantage over its peers. Its long-term customer contracts, high customer retention rate, and diversified revenue sources deliver stable and predictable financials.

With the growth in e-commerce, the demand for the company's services is rising. So, the company has planned to increase its fleet and add new routes, which could boost its financials in the coming quarters. However, Cargojet currently trades at over 25% lower than its 52-week high amid the weakness in growth stocks. Its forward price-to-earnings multiple has declined to 24.3, which is lower than its historical average. So, I believe long-term investors should utilize this correction to accumulate the stock to earn substantial returns in the long run.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. TSX:CJT (Cargojet Inc.)
3. TSX:GSY (goeasy Ltd.)
4. TSX:NVEI (Nuvei Corporation)

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1. Investing

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