3 High-Growth TSX Stocks to Buy at Their 52-Week Lows

Description

The daunting time for investors continues. Tech, crypto, and even energy names were down on Monday. It's been almost six months now that growth stocks have been under immense tumult. And, importantly, the weakness seems to pick up speed, at least in the short term. The latest inflation data suggested that the rate hikes implemented by the Fed so far were not as effective. So, there could be faster, bigger rate hikes in the upcoming Fed meetings.

A large pool of high-growth TSX stocks has been digging deeper for the last few months. So, imagine the pressure on growth stocks and investors, with even more hikes coming.

Note that just because a stock has fallen some 50-60% does not make it a buy. Thus, investors should focus on fundamentals as well as valuation to tackle such rough markets.

Shopify

Canada's tech titan **Shopify** (TSX:SHOP)(NYSE:SHOP) is among the most beaten-down names. Market watchers used to illustrate Shopify's steep value creation from being about $20 stock that rallied to $2,220 in six-odd years. Well, it has been an equally gloomy story on the other side as well, losing 85% of its value in just six-odd months.

However, Shopify had proven its mettle long before the pandemic. So, even if it might not see golden days as it did in the pandemic, it will still likely see above-average growth going forward. Its rapidly increasing share in the retail e-commerce market speaks for itself. Also, investors should understand that its 2022 earnings will be lacklustre because of the high base effect of last year.

Its expanding product base and addressable market offer significant growth opportunities. As a dominant player in the e-commerce space, Shopify is well placed to play in the accelerating adoption of the digital market.

However, despite strong growth prospects, broad market pressures might still weigh on SHOP. So, if you enter now, be prepared to average in at lower levels.

Nuvei

Canadian payment processor **Nuvei** (TSX:NVEI)(NASDAQ:NVEI) has tumbled 35% this year and is currently trading at sub-$53. Nuvei saw steep growth last year amid its geographic expansion and multiple acquisitions. However, a short report and valuation concerns significantly weighed late last year, pulling down the stock notably from its record $180 levels in September 2021.

Given the scale, diverse product base, and a continuing shift to e-commerce, Nuvei will likely see superior revenue growth in the long term. Also, Nuvei management is confident about its growth outlook with +30% revenue growth for the medium term and an adjusted EBITDA margin of 50%. Nuvei has almost always operated with a healthy margin profile.

Despite dropping significantly from the top, NVEI could have more weakness looming. So, consider buying in tranches.

BlackBerry

BlackBerry (TSX:BB)(NYSE:BB) is currently trading close to its five-year lows at around $6. Its declining revenue growth and unstable bottom line will likely make its stock more fragile in the current environment.

Though it operates in high-growth areas like IoT and cybersecurity, BlackBerry is yet to see that convert into financial growth. Its revenues have fallen by 11% compounded annually in the last five years, while the stock lost 55% of its value.

Among the three, BB seems like a relatively risky bet for me due to its poor fundamentals.

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