2 Canadian Growth Stocks to Buy After the Recent Correction

Description

It's a tough time for equity investors right now. You have to account for multiple macro factors before deciding on your next investment. Stocks that gained pace in 2021 have been battered in 2022. However, it also provides investors an opportunity to buy quality stocks at a lower valuation. Here are two beaten-down growth stocks Canadians can buy right now.

Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) was one of the hottest stars of the pandemic. It gained over 332% to move from $390 in March 2020 to $1,690 in November 2021. Since then, the stock has experienced a selloff and is down 77% year to date.

It's not hard to see the value in Shopify. It offers an e-commerce platform to those who want to set up an online business. Millions of small and medium businesses around the world use Shopify's services to sell their products online.

The company's revenues have grown at a compound annual growth rate of 44.07% between 2018 and 2021. Shopify is now the second-largest e-commerce player in the U.S. after **Amazon**, as the former's online market share has increased to 10.3% in 2021 from 5.9% in 2019.

There are multiple headwinds that Shopify will have to battle, including the reopening of economies, rising inflation, interest rate hikes, and a possible recession. Shopify is a typical growth stock that will have to drive through a lot of bumps in its way.

The ongoing correction won't be the last one, as Shopify attempts to gain traction in the e-commerce space, but none of it should matter for long-term investors.

The company's management, on June 8, announced a 10-for-1 stock split, which will occur on June 28. Shopify stock closed at $412.84 on June 17. The average analyst target price for the stock is $1,965.84 — a potential upside of over 376%, making it a top buy for value and growth investors.

goeasy

Alternative finance company, **goeasy** (TSX:GSY) is another hot growth stock from 2021 that has slowed down in 2022, losing over 44% year to date. However, GSY stock is still up almost 200% since the bear market of 2020.

goeasy is a provider of non-prime leasing and lending services through its easyhome, easyfinancial, and LendCare brands. The company also helps borrowers improve their credit scores. It says that around 60% of its customers have increased their credit scores within 12 months of availing loans from goeasy. The company has disbursed over $5 billion in loans since its inception.

Apart from strong growth potential, goeasy is a strong dividend payer. It has a forward yield of 3.71%. goeasy increased its dividend payout by 38% on February 16, 2022, when it announced a quarterly dividend of $0.91 compared to its previous dividend of $0.66.

The company has around $801 million in total funding capacity, which it estimates "is sufficient to fund its organic growth through the second quarter of 2024." GSY has said that it expects to hit revenue of around $1 billion in 2022, valuing the company at 1.55 times forward sales.

goeasy is currently trading at $98, while the average analyst target price for the stock is $204.22 — a potential upside of 108%.

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2. Tech Stocks

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2. TSX:GSY (goeasy Ltd.)
3. TSX:SHOP (Shopify Inc.)

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