3 Growth Stocks to Buy and Hold for the Next 10 Years

Description

Amid the rising inflation, the Federal Reserve of the United States has raised interest rates by 0.75% earlier this month. The increase in interest rates has raised borrowing costs. Growth stocks, which require higher capital to fund their growth initiatives, could witness an increase in their interest expenses, thus contracting their margins. So, the growth stocks have witnessed a substantial selloff over the last few weeks.

Meanwhile, the steep pullback offers an excellent entry point for long-term investors. So, investors with over 10 years of investment horizon can accumulate the following three small-cap stocks that could deliver superior returns in the long run.

WELL Health Technologies

First on my list is **WELL Health Technologies** (TSX:WELL), which aids healthcare professionals in providing omnichannel solutions. Given the convenience and accessibility, more people are adopting virtual healthcare services, expanding the addressable market for WELL Health.

The company recorded a solid performance in May, with its omnichannel patient visits increasing by 40%. The acquisition of Circle Medical and Wisp has strengthened its presence in the United States, with the total revenue from both companies exceeding $110 million in annualized run rate. It has also ramped up its M&A activities and has signed multiple letters of intent.

Despite the favourable business conditions and improving financials and growth initiatives, WELL Health is trading at over a 60% discount from its 52-week high. So, I believe long-term investors should start accumulating the stock to reap higher returns.

goeasy

goeasy (TSX:GSY) services sub-prime customers through its business units: easyfinancial, easyhome, and LendCare. Despite growing its top and bottom line in double digits for the last 20 years, the company has acquired just 3% of its addressable market. So, it has substantial scope for expansion.

The subprime lending market is highly fragmented. Meanwhile, given its diverse product offerings, omnichannel presence, and geographical expansion, goeasy is well positioned to grow its market share in the coming years. Meanwhile, the company's management expects its loan portfolio to grow by 67% in the next three years, which could boost its financials.

However, amid the recent pullback, goeasy has lost over 50% of its stock value compared to its 52-week high. The correction has dragged its NTM price-to-earnings multiple down to 8.1, making it an excellent buy. The company has also raised its dividend at an impressive CAGR of 34.5% since 2014, which is encouraging.

Docebo

My final pick is **Docebo** (TSX:DCBO)(NASDAQ:DCBO), which offers corporate learning management solutions. The demand for learning management solutions is rising amid the growth of hybrid work culture and remote learning. The LMS market could grow at a CAGR of 21% through 2025.

Given its multi-product learning suite and geographical expansion, Docebo is well positioned to benefit from the rising demand. Further, the company's multi-year contracts, growing customer base, and increasing average revenue per customer could boost its financials in the coming years.

However, Docebo is trading at a discount of 64% from its 52-week high amid the recent selloff. Its NTM price-to-sales multiple has declined to 5.7. So, given its healthy growth potential and discounted stock price, I expect Docebo to deliver multi-fold returns in the long run.

CATEGORY

1. Investing

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1. NASDAQ:DCBO (Docebo Inc.)
2. TSX:DCBO (Docebo Inc.)
3. TSX:GSY (goeasy Ltd.)
4. TSX:WELL (WELL Health Technologies Corp.)

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