The Top 2 Stocks for Canadian Millennials

Description

The Canadian stock market is down close to 14% from its peak. The market correction is providing Canadian millennials with a lot more stock choices at cheaper prices. Typically, millennials want higher growth that can lead to greater total returns in the long run.

Here are a couple of top stocks that can provide above-average growth. Canadian millennials can take a closer look to see if they fit their diversified investment portfolios.

Nuvei stock

Nuvei (TSX:NVEI)(NASDAQ:NVEI) is a payment platform that provides modularity, flexibility, and scalability. It's a global company that provides businesses access to customers in more than 200 markets, 150 currencies, and more than 550 alternative payment methods, including cryptocurrencies. North America only made up about 38% of its revenues in Q1. Its largest market is Europe, the Middle East, and Africa that contributed 58% of its Q1 revenues.

The tech stock last reaffirmed its financial outlook for 2022 when it reported its Q1 results on May 10. In Q1, it increased volumes and revenues by 42% and 43%, respectively. And the adjusted EBITDA margin was 42.7%.

For its medium-term outlook, it's targeting volume growth and revenue growth of more than 30% year over year. As well, it aims for an adjusted EBITDA margin of more than 50% over the long term.

After reporting its Q1 results, the company continued to gain new customers. Additionally, its balance sheet remains strong with a long-term debt-to-capital ratio of about 21% and plenty of ammunition — US$735 million cash and cash equivalents — to grow the business.

Yet the growth stock trades at a steep discount of 55% from analysts' 12-month consensus price target. In other words, it could potentially double investors' money from current levels.

Nuvei is a relatively new publicly traded company that had its initial public offering (IPO) in 2020 on the **TSX** and had its U.S. IPO about a year later. Some millennial investors may prefer getting a nice dividend yield while having the prospects of above-average growth. If so, you can turn your attention to the next stock.

goeasy stock

Few stocks are immune to this market correction. **goeasy** (TSX:GSY) stock isn't either. The market correction has partly to do with high inflation, rising interest rates, and an increased risk of a recession. Aside from the recession risk, rising interest rates are tightening liquidity and increasing borrowing costs.

As goeasy is a subprime consumer lender, you can see why its correction has been more significant than the market. The growth stock has fallen by more than half from its 52-week high. Its customers are folks that cannot borrow from traditional means. So, its products and services are essential to these people.

Despite the huge decline in the stock, it has still delivered amazing annualized returns of about 30% per year over the last decade. At $98.86 per share at writing, the growth stock trades at about 9.5 times normal earnings. In comparison, goeasy stock's long-term normal valuation is close to 12 times.

Millennial investors with a long-term investment horizon can sit on the stock for potential strong price appreciation. Meanwhile, you can collect a dividend yield of close to 3.7%. Its dividend is sustained by a payout ratio of about 26% of its earnings. It also has a large reserve of retained earnings, which is reassuring.

CATEGORY

1. Investing

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2. TSX:GSY (goeasy Ltd.)
3. TSX:NVEI (Nuvei Corporation)

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kayng