2 Canadian Growth Stocks to Buy for a Massive Discount

Description

It is no secret that Canadian growth stocks have not been having a good time for several months now. The tech sector boasts some of the biggest names among Canadian growth stocks, and the meltdown resulted in all of them losing significant value on equity markets. 2022 has been tough on the broader market, with stocks across the board falling to substantially lower levels.

Unfortunately, Canadian growth stocks retained their position as the worst-performing assets in Canadian equity markets through the current pullback. Inflation has been substantially high for a while, and the interest rate hikes to cool down inflation have only worsened matters before they can get better.

The future earnings potential for many publicly traded companies has rapidly declined, leading to even lower valuations. The market uncertainty is expected to continue in the coming weeks, as more interest rate hikes come through to control inflation. Many Canadian investors choose to remain on the sidelines with their cash instead of investing in the stock market right now.

However, for those with the stomach to tolerate a significant degree of capital risk and cash set aside to invest, there are two Canadian growth stocks that could be too cheap to ignore.

goeasy

goeasy (TSX:GSY) is a $1.55 billion market capitalization alternative financial company headquartered in Mississauga. The company's services have become popular because it offers loans to subprime borrowers who cannot qualify for loans from traditional lenders. The company has aggressively expanded its operations in the last few years, leading to impressive profit margins and profitability for the company.

goeasy stock trades for $98.10 per share at writing. It is down by 44.49% year to date and a staggering 55.07% from its 52-week high. Increased uncertainty has led to its downturn this year. It could be worth adding to your self-directed portfolio if you are bullish about its recovery and long-term upside potential.

Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) is a $50.71 billion market capitalization giant in the Canadian e-commerce space. Headquartered in Ottawa, Shopify stock needs no introduction for most stock market investors.

Once the darling growth stock for Canadian investors, Shopify's sky-high valuations since it went public have been brought down significantly since the tech meltdown began. Shopify continues to show weakness, as the broader economy faces uncertainty.

Shopify stock trades for a mere $40.22 per share at writing. It is down by 74.09% year-to-date and almost 82% from its 52-week high. It was easily the top choice for growth-seeking investors in its heyday but fell out of favour amid the broader market weakness. The harsh economic environment will not last forever. It could be worth adding to your portfolio at current levels if you are bullish on its long-term recovery.

Foolish takeaway

It is not the best time to be a Canadian investor interested in growth stocks right now. The substantial degree of uncertainty has made it clear that Canadian investors are likelier to try and flee risk instead of allocating capital to high-risk assets. However, contrarian investors with diversified portfolios and the stomach to tolerate risk could consider the current situation as an opportunity.

It remains to be seen whether Canadian growth stocks have bottomed out or will go lower in the coming weeks. Suppose that you have a diversified portfolio that mitigates potential losses and you have a long investment horizon. In that case, investing in goeasy stock and Shopify stock at current levels could be a way to unlock substantial long-term wealth growth potential.

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