3 Oversold Growth Stocks That Could Double Your Investments in 3 Years

Description

Amid the concerns over rising prices, central banks worldwide have raised interest rates. However, rising interest rates have increased borrowing costs, thus hurting the margins of growth stocks, which require higher capital to fund their growth initiatives. So, amid these concerns, growth stocks have been under pressure for the last few months.

However, the steep correction has allowed investors to start accumulating the following three cheap growth stocks, which have the potential to double your investments in the next three years.

goeasy

goeasy (TSX:GSY) is an excellent growth stock to have in your portfolio, given its solid track record, growth potential, and attractive valuation. Over the last 20 years, the company has grown its top and bottom line in double digits. Despite its solid performance, the company has just acquired 3% of its addressable market (loans under $50,000).

With the subprime market being highly fragmented, the company has the potential to expand its market share, given its omnichannel lending services, penetration in key geographic markets, geographical expansion, and focus on improving the consumer experience. The company has added new verticals through the acquisition of LendCare. Meanwhile, loan originations could rise with the improvement in economic activities, thus benefiting goeasy.

Notably, goeasy's management has set solid three-year guidance, hoping to grow its loan portfolio by 67% to $3.6 billion by 2024. The company has also raised its dividend at a CAGR of over 34% since 2014. However, amid the recent selloff, the company has lost over 50% of its stock value compared to its 52-week high. Its NTM price-to-earnings multiple has also fallen to an attractive 8.4. So, considering all these factors, I believe goeasy would be an excellent buy right now.

WELL Health Technologies

Another cheap stock that you should start accumulating would be **WELL Health Technologies** (TSX:WELL). The digital healthcare company trades at over 60% lower than its 52-week high. However, the company continues to boost its financials amid the rising popularity of virtual services. Supported by a 40% year-over-year growth in its total omnichannel patient visits, the company experienced a record revenue in May.

WELL Health has announced to accelerate its M&A activities. Currently, it is working on acquiring INLIV, a premium omnichannel primary care provider, which could expand its presence to Alberta. So, given its healthy growth initiatives, the company’s management expects its revenue to cross $525 million while approaching $100 million in adjusted EBITDA. So, given the favourable environment, growth initiatives, and discounted stock price, I believe WELL Health can double your investment in the next three years.

Nuvei

Third on my list is **Nuvei** (TSX:NVEI)(NASDAQ:NVEI), which has lost over 75% of its stock value compared to its September highs. The correction has dragged its NTM price-to-earnings multiple down to 15.1, making it an attractive buy. With the growth in e-commerce, digital payments are also becoming popular. Meanwhile, the company is also expanding its APM (alternative payment method) portfolio, introducing new innovative products, and venturing into new markets to add new customers and increase revenue per customer.

Nuvei is also strengthening its presence in the online sports betting and iGaming space, which is expanding amid increased legalization. Meanwhile, the company’s management expects its revenue growth rate to be at 30% in the medium term while reaching an adjusted EBITDA margin of 50% in the long run. So, given its multiple growth drivers and attractive valuation, I expect Nuvei to deliver superior returns over the next three years.

CATEGORY

1. Investing

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1. NASDAQ:NVEI (Nuvei Corporation)
2. TSX:GSY (goeasy Ltd.)
3. TSX:NVEI (Nuvei Corporation)
4. TSX:WELL (WELL Health Technologies Corp.)

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Date
2025/08/15
Date Created
2022/07/11
Author
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