Buy These 3 Growth Stocks With Multi-Fold Return Potential

Description

The global equity markets have been on a roller-coaster ride this year, creating challenges, even for experienced investors. If you are new to investing, there is no need to get boughed down by the volatility, as stocks with solid fundamentals tend to bounce back strongly to deliver superior returns in the long run. So, if you are a long-term investor, here are three high-growth stocks that have the potential to provide multi-fold returns over the next 10 years.

Nuvei

With the growth in e-commerce and internet penetration, digital payments are growing. Meanwhile, Markets and Markets project the segment to grow at a CAGR (compounded annual growth rate) of 13.4% through 2026. Amid the expectation of double-digit growth in its addressable markets, I have selected **Nuvei** (TSX:NVEI)(NASDAQ:NVEI), which supports over 570 APMs (alternative payment methods) in more than 200 markets, as my first pick.

The company reported a solid second-quarter performance earlier this month, with its total volume increasing by 38% to $30.1 billion. Its revenue and adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) grew by 43% and 40%. Amid the rising demand, the company is expanding its product portfolio, venturing into new markets, expanding its APM portfolio, and introducing its payment solutions to new markets and segments, which could drive its growth.

After reporting its second-quarter earnings, Nuvei has lowered its guidance for this year. However, it has maintained its medium- and long-term targets, with its total volume and revenue projected to grow over 30% annually in the medium term. The company currently trades at a 75% discount from its 52-week high, making it an excellent buy for long-term investors.

goeasy

goeasy (TSX:GSY) has been growing its financials at a healthier rate for the last 20 years. It has delivered returns of over 3,000% in these 20 years at a CAGR of around 19%. Despite the strong growth, the company's market share stands at just 3%, thus providing substantial scope for expansion in the highly fragmented subprime lending market.

Meanwhile, goeasy is broadening its product range, strengthening its distribution channels, and enhancing customer relationships to drive growth. Given its growth prospects, the company's management expects its loan portfolio to grow by 69% to reach $4 billion by 2024. The management expects its revenue to grow at a CAGR of 18.5% while delivering a return on equity of above 22% annually.

goeasy has also raised its dividend at a CAGR of around 40% for the last four years. Its yield for the next 12 months stands at 2.5%. Its valuation also looks attractive, with its NTM (next 12-month) price-to-earnings multiple standing at 10.6. Considering all these factors, I expect goeasy to deliver substantial returns over the long run.

WELL Health Technologies

The pandemic and increased penetration of internet services has accelerated the adoption of virtual healthcare services. Meanwhile, analysts expect the segment to grow at a CAGR of around 30% through 2028. Amid the growing addressable market, I have selected **WELL Health Technologies** (TSX:WELL) as my final pick.

Last week, the company reported a solid second-quarter performance, with its revenue growing by 127% while its adjusted EBITDA increased by 122%. It had an overall 1.16 million patient interactions at an annualized run rate of 4.66 million. After posting its second-quarter results, WELL Health's management has raised its guidance for this year.

Plus, WELL Health has announced to accelerate its mergers and acquisitions activities. Despite its solid financials and healthy growth prospects, the company's NTM price-to-earnings multiple stands at an attractive 14.8, making it an excellent buy.

CATEGORY

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

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