3 Stocks to Buy Before the Discount Runs Out

Description

The **S&P/TSX Composite Index** is still down 9% from its yearly peak, and its latest recovery bout is already running out of momentum. It might just be a temporary pause before the market goes bullish again, or the market may fluctuate for a while before moving up or down in a definite trend.

Either way, there are still plenty of discounted stocks on the market, and you may consider buying three of them before they fully recover.

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An EV company

Electric vehicles (EVs) are the next big thing in the automotive industry, and they are already a mature product competing with conventional vehicles in different segments, including mass transportation.

This is an exciting and potentially promising investment avenue you can get in on with companies like **Lion Electric** (TSX:LEV)(NYSE:LEV). School buses are the company's specialty, and it's the only manufacturer of its kind (in this particular vehicle segment) in North America.

It also makes all-electric commercial trucks. Another feather in the company's cap is that it's more spread out in the EV "ecosystem" than an automotive manufacturer. Its business divisions include EV financing solutions, charging infrastructure, and telematics.

The stock has only gone downhill since its inception, but that's partly because of the timing. It joined the market in May 2021, and after a brief upward movement, it started going down and is currently trading at a 72% discount to its first-day closing price.

A real estate and technology company

Real Matters (TSX:REAL) offer the overlap of two sectors — real estate and technology. However, in its performance so far (or at least in the last five years), the stock hasn't faithfully followed either. But the stock has shown the potential for robust growth in the right market conditions. It grew over 250% in

2019 alone, and the post-pandemic growth was even more phenomenal.

The fall was just as impressive, and it’s still trading at an 81% discount from its 2020 peak. And even though it has shown signs of recovery, you may take this market optimism with a grain of salt.

As a platform for mortgage and insurance field agents, its business may suffer due to the housing crisis in Canada. But the financial blow might be mellowed by its U.S. business. And once the stock finally starts recovering, the gains from the current discounted price might be substantial.

An e-commerce giant

Shopify (TSX:SHOP)(NYSE:SHOP) is one of the most brutally discounted stocks currently trading on the TSX right now. The e-commerce giant that once eclipsed **Royal Bank of Canada** as the largest security on the market is trading at a 79% discount from its 2021 peak. And if you consider its current trajectory, the stock may still move down.

The company got a harsh reality check in the last few quarters when the revenue spikes of the pandemic started to wane.

But now that the e-commerce market is normalizing again and may restart growing at its usual, pre-pandemic pace, Shopify stock may rise at its former rate again. So, buying now at the current discounted price and riding the next long-term bullish phase may result in exceptional gains.

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Foolish takeaway

These three may not make the cut if you are looking exclusively for undervalued stocks. But if you are satisfied with discounted stocks that may have fantastic growth potential in the right circumstances, the three stocks should be on your radar.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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2. OTC:LEVG.Q (Lion Electric)
3. TSX:LEV (Lion Electric)
4. TSX:REAL (Real Matters Inc.)
5. TSX:SHOP (Shopify Inc.)

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Date
2025/07/20
Date Created
2022/08/22
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