



TFSA Investors: 3 Cheap Growth Stocks to Buy Right Now

Description

This year, growth stocks are under pressure amid concerns over their higher valuation, increasing interest rate, and expectation of a slowdown in growth prospects. However, the correction has presented an excellent entry point for long-term investors in some quality stocks. Meanwhile, here are my three top picks, which you can invest through your [TFSA](#) (Tax-Free Savings Account) to maximize your returns.

WELL Health Technologies

Virtual healthcare services have accelerated since the pandemic. Growing internet penetration and technological advancements are driving the market further. Meanwhile, analysts are projecting the sector to grow at a compound annual growth rate (CAGR) of over 30% through 2028. Given the sector's solid growth prospects, I have selected **WELL Health Technologies** ([TSX:WELL](#)) as my first pick. The company focuses on facilitating healthcare practitioners to deliver virtual care and digital patient engagement.

Supported by organic growth and strategic acquisitions, the company posted impressive revenue growth of 127% in the second quarter. Its revenue from virtual services grew by 281% to \$47.5 million. When many technology companies struggle to become profitable, WELL Health has reported an adjusted net income of \$17.2 million compared to a loss of \$1.2 million in the previous year's quarter.

Additionally, the company has raised its guidance for the third straight quarter, with the management expecting its 2022 revenue to cross \$550 million, representing year-over-year growth of over 80%. Moreover, the company's NTM (next 12-month) [price-to-earnings](#) multiple stands at a healthy 15.3, making it an attractive buy.

goeasy

The second on my list is **goeasy** ([TSX:GSY](#)). The subprime lender has been growing its revenue at a CAGR of over 12% for the last 20 years, while its adjusted EPS (earnings per share) has increased at

a rate of 25%. Meanwhile, in the recently reported second quarter, the company's revenue came in at \$252 million, representing a growth of 24% from its previous year's quarter.

The growth in consumer loans drove the company's revenue. The record loan originations of \$628 million during the quarter increased its loan portfolio to \$2.37 billion. The company also witnessed stable credit and payment performance, with the net charge-off rate standing at 9.3%, within the company's guidance of 8.5-10.5%. Supported by its revenue growth and operating margin expansion, its operating income grew by 52% to \$56.1 million.

Amid its strong growth prospects, goeasy's management expects its loan portfolio to close in on \$4 billion in 2024. The management expects its operating margin to improve by 100 basis points yearly while delivering a return on equity of over 22%. So, considering its growth prospects and an attractive NTM price-to-earnings multiple of 9.8, I am bullish on goeasy.

Nuvei

Another stock with tremendous growth potential is **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)), which offers digital payment services to customers across 200 markets. Amid e-commerce growth and growing internet penetration, digital payments are becoming popular. Meanwhile, *Markets and Markets* projects the segment to grow double digits over the next five years. Given its expanded product offerings, geographical growth, and addition of new alternative payment methods, the company is well positioned to drive its revenue.

After reporting its second-quarter performance, Nuvei's management has reaffirmed its mid-term growth prospects. The management expects its total volumes and revenue to grow over 30% annually in the medium term, while its adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization) margin could cross 50% in the long run. However, amid the steep correction in its stock price, Nuvei's NTM price-to-earnings multiple has declined to 17.5, which is lower than its historical average. So, I believe Nuvei is an excellent buy at these levels.

CATEGORY

1. Investing

TICKERS GLOBAL

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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