Have $1,000? These 2 Stocks Could Turn it Into $2,000 Quickly

Description

It isn't easy putting money to work this year. The stock market has lost 8.4% of its value year to date. Tech stocks have been punished, but even bank and energy stocks have been underperforming recently.

In the midst of an economic downturn, investors with spare cash are lucky. If you have $1,000 ready to deploy, here are two stocks that could potentially double its value quickly.

WELL Health Technologies

Telehealth and medical tech company **WELL Health Technologies** (TSX:WELL) is an undervalued growth star. The stock is up 3,000% since its listing in 2016. That's a compounded annual growth rate of 76% over six years.

Growth doesn't seem to be slowing down anytime soon. WELL Health registered 127% year-over-year growth in revenue in its most recent quarter. This year, the management team expects to generate $550 million in revenue. Meanwhile, the company is worth just $788 million. That's a price-to-sales ratio of 1.4.

If the valuation adjusts, WELL Health stock could quickly double. If not, organic growth alone could double the company's intrinsic value over time. If you're looking for an undervalued stock in the beaten-down tech sector, this is a top pick.

Sleep Country

The retail sector faces a tough winter. Consumers are squeezed by inflation and cutting back on excessive spending. However, demand for essential items such as beds and pillows could be more robust.

Sleep Country Canada Holdings (TSX:ZZZ) is a top pick in this sector. The company operates roughly 250 stores across the country and a wide range of brands that appeal to consumers in different income brackets. It's basically a market leader in its niche.

The company's financial performance has been strong in recent years. Sleep Country delivered 18% revenue growth and 47% net income growth in its most recent quarter. This growth rate could slowdown in the months ahead, as consumers cut back on spending. However, the stock price already reflects all the near-term pain.

Sleep Country's stock trades at just nine times earnings. That's an earnings yield of roughly 11%. Analysts have an average price target of $37.43 for the shares, which implies 42% upside from the current market price. If these expectations are met and Sleep Country sustains double-digit growth, it could turn $1,000 into $2,000 within just a few years.

This overlooked and underappreciated growth story deserves a spot on your watch list.

Bottom line

High growth and low valuation are a recipe for investment success. Growth stocks like WELL Health Technologies and Sleep Country have lost tremendous value this year, as the bear market continues. However, their underlying growth is as strong as ever.

WELL Health is expanding into the U.S. while Sleep Country continues to see double-digit sales growth. If these companies can sustain their pace of expansion and the market assigns them valuation ratios that are more aligned with peers, investors could see tremendous upside.

If you have $1,000 to invest, consider these two underrated growth stocks.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:WELL (WELL Health Technologies Corp.)
2. TSX:ZZZ (Sleep Country Canada)

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