# Got $1,000? 2 Cheap Growth Stocks to Buy as Markets Look to Rebound

### Description

The Canadian equity markets continued their uptrend on Monday, with the **S&P/TSX Composite Index** rising 1.1%. As of Monday, the index was trading at over 4.5% from last week's lows as investors become increasingly optimistic that measures taken by central banks worldwide will be able to stem rising prices. Amid renewed optimism, investors could start to look at growth stocks that had witnessed sharp corrections over the last few months to earn superior returns. Meanwhile, here are my two top picks.



## goeasy

Amid the pullback in the broader equity markets, **goeasy's** (TSX:GSY) stock price has increased by over 30% compared to its June lows. However, it is still trading 43% lower than its 52-week high. Besides, its valuation looks cheap, with its NTM (next 12 months) price-to-earnings standing at 11.8. Meanwhile, the company continues to deliver solid performance, with its loan originations reaching record levels of $628 million in the June-ending quarter. The company's revenue and adjusted EPS (earnings per share) grew by 30% and 8%, respectively.

Further, goeasy's customer mix is improving, with secured loans forming over 30% of its loan portfolio. Its net charge-off rate has declined over the last five years from 13.6% in 2017 to 9.3%, with the company's target at 8.5%-10.5%. Besides, the company is strengthening its digital channels, improving customer experience, expanding its product offerings, and venturing into new markets to drive growth.

Amid its growth initiatives, goeasy's management expects its loan portfolio to grow by over 65% over the next three years. Its revenue could also grow at a CAGR (compound annual growth rate) of 18.5% while delivering a return on equity of over 22% annually. The company also pays a quarterly dividend of $0.91/share, with its yield standing at 2.95%. So, considering all these factors, I believe goeasy would be an excellent buy as investors' sentiments begin to improve.

## WELL Health Technologies

Amid the weakness in growth stocks and expectations of growth slowing down, **WELL Health Technologies** (TSX:WELL) has lost over 50% of its stock value compared to its 52-week high. Meanwhile, the company's NTM price-to-earnings has fallen to an attractive 14.2. However, the company's performance continues to rise, with its revenue and adjusted EBITDA (earning before interest, tax, depreciation, and amortization) growing by 127% and 121.8% in the June-ending quarter. Along with organic growth, its strategic acquisitions drove its financials.

Supported by growth in both online and in-person care channels, the company posted organic growth of 20% during the quarter. It recorded 1.16 million total patient visits during the quarter, with the annualized rate at 4.64 million. Besides, it posted an adjusted EPS of $0.08 compared to a net loss of $0.01 in the previous year's quarter. After its solid second-quarter performance, the company's management raised its 2022 revenue guidance by $25 million to $550 million.

Further, telehealth care services are becoming more popular, given their accessibility, cost-effectiveness, and convenience. Analysts expect the sector to grow at a CAGR of over 30% for the next seven years. Amid the growing market, WELL Health is expanding aggressively across North America. It has signed several definitive agreements to make strategic acquisitions, thus expanding its footprint. So, given its high growth prospects and attractive valuation, I believe WELL Health could be an excellent buy right now.



**CATEGORY**

1. Investing
2. Tech Stocks

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2. TSX:WELL (WELL Health Technologies Corp.)

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