3 Beaten-Down Stocks to Diversify Your TFSA Portfolio

Description

With top TSX stocks losing significant value, investors have an excellent opportunity to diversify their TFSA (Tax-Free Savings Account) portfolios. Investors can capitalize on the lower prices of top TSX stocks and benefit from their recovery. Against this background, consider adding the following three fundamentally strong shares to diversify your TFSA portfolio.

goeasy

Down about 44% from its 52-week high, **goeasy** (TSX:GSY) is a must-have growth stock to add to your TFSA portfolio. goeasy's financials have been growing rapidly, reflecting strong demand for its leasing and lending services. It is worth noting that goeasy's top line has increased at an average annualized rate of 15.9% in the last decade. Meanwhile, its earnings had a CAGR (compound annual growth rate) of approximately 29% during the same period.

Despite the macro challenges, the momentum in goeasy's business has sustained in 2022. Its revenue registered a 30% growth in the first half of this year. Meanwhile, its adjusted net income rose by 15%. Given its rapid growth and solid earnings, the decline in its stock appears unwarranted. Moreover, higher loan originations, solid credit performance, and cost savings imply that goeasy is poised to deliver stellar growth in the coming quarters, which will support the recovery in its stock price.

Investors should also note that goeasy is a Dividend Aristocrat and has raised its dividend at a CAGR of 34.5% in the last eight years. Further, its high-quality earnings base implies that it could continue to hike its dividend rapidly in the coming years.

Cargojet

Investors can consider adding air cargo service provider **Cargojet** (TSX:CJT) to their TFSA portfolios. Shares of this air cargo company are down 35% from the 52-week high due to the base effect and slowdown in the e-commerce demand.

While Cargojet stock has lost substantial value, its business continues to grow at a solid pace. Its top line increased by over 44% in the first six months of 2022. Further, its free cash flows showed significant improvement.

Cargojet's next-day delivery capabilities, solid domestic network, ability to retain and acquire top customers, and long-term contracts bode well for growth. Further, a minimum revenue guarantee and the ability to pass costs to customers are positives. Overall, Cargojet's base business remains strong, while the reacceleration in e-commerce demand and its focus on reducing debt will likely support the recovery in its share price.

Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) stock has lost more than three-fourths of its value so far in 2022. This massive decline in its price reflects a slowdown in its growth, moderation in e-commerce demand, and selling in tech stocks amid macro weakness. Despite the near-term headwinds, Shopify's fundamentals remain strong, while its low share price presents a solid buying opportunity.

Shopify continues investing in e-commerce infrastructure and strengthening its POS (point of sale) and fulfillment offerings, which will support long-term growth. Meanwhile, its partnerships with social media giants expand its social commerce capabilities and will drive its merchant base.

Notably, Shopify faces easier year-over-year comparisons in the second half of 2022, which will support its growth. Moreover, the benefits from the acquisition of Deliverr and growth initiatives will support its financials and lead to a recovery in its share price. Also, a structural shift in selling models toward omnichannel platforms provides a long-term growth opportunity for Shopify.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:CJT (Cargojet Inc.)
3. TSX:GSY (goeasy Ltd.)
4. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. kduncombe
2. snahata

Category

1. Investing

Date
2025/07/21
Date Created
2022/09/14
Author
snahata