Stocks at a 50-80% Discount: Where to Invest $1,000 Right Now

Description

It took less than a year for growth stocks to shed most of their pandemic-driven gains. Given the massive selloff in equities stocks, growth stocks are now available at a 50-80% discount from their respective 52-week highs.

Though the rising interest rates and uncertain economic outlook could limit the upside in growth stocks, I believe it’s time to allocate a small portion of savings to the high-quality, beaten-down names. The reason is that any economic improvement is likely to drive a steep recovery in these stocks. So, if you can invest $1,000, consider buying these shares at a significant discount to generate stellar returns.

goeasy

Shares of the leasing and lending company **goeasy** (TSX:GSY) are down over 50% from their 52-week high. This decline comes despite its back-to-back strong financial performances, implying that the slump in goeasy stocks is unwarranted.

Investors should know that goeasy’s top line has grown at an average annualized rate of approximately 16% in the past decade. Its earnings-growth rate is even better (it grew at a CAGR, or compound annual growth rate, of about 29%).

Despite the challenging operating environment in 2022, goeasy has not seen any signs of a slowdown. Its revenue improved by 30% in the first half. Meanwhile, earnings have risen by 15%. Higher loan originations, volume growth, and solid credit quality continue to drive its revenue and profitability. Meanwhile, its expanded product base, omnichannel offerings, and acquisitions will support its future growth.

goeasy is also an attractive dividend stock. It has paid dividend for 18 years. Moreover, its dividend increased at an average annualized rate of more than 34% in the past eight years. Given its growing revenues and solid earnings base, goeasy will likely boost its shareholders’ returns through higher dividend payments.

Shopify

A year before, no one could have guessed that **Shopify** (TSX:SHOP)(NYSE:SHOP) stock would lose over 80% of its value. A slowdown in its growth due to tough year-over-year comparisons, investors' negative outlook on tech stocks, and an overall slowdown in the e-commerce demand dragged Shopify stock down.

This correction presents a solid opportunity to invest in Shopify stock at current levels. The company's fundamentals remain strong. Meanwhile, its investments to fortify its delivery and e-commerce infrastructure bode well for growth.

Also, increased adoption of its POS (point-of-sale) and Capital offerings, partnerships with top social media companies, and structural shift towards omnichannel selling platforms provide a solid base for long-term growth.

Shopify is up against easier year-over-year comparisons in the coming quarters. Further, its investments to spur growth have started to gain traction, implying Shopify stock could recover fast as the operating environment improves.

Bottom line

The recovery in the economy could give a significant boost to these stocks that are trading dirt cheap. Further, these stocks have the potential to double your investment in the medium to long term easily. However, investors should take caution as these stocks could stay volatile in the short term due to the macro headwinds.

CATEGORY

1. Investing
2. Tech Stocks

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2. TSX:GSY (goeasy Ltd.)
3. TSX:SHOP (Shopify Inc.)

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