



Stock Market Sell-off: 2 Cathie Wood Stocks That Could Double In 5 Years

Description

Cathie Wood gained popularity as an investment manager on Wall Street after several of the funds managed by her investment firm, ARK Invest, crushed broader market returns in 2020. The pandemic-fueled buying on the back of quantitative easing measures drove several stocks from Cathie Wood's portfolio towards all-time highs.

However, growth stocks were pummeled in the first nine months of 2022, with several companies losing 80% in market value, allowing you to buy the dip. While it's impossible to time the market, the duration of a [bear market](#), on average, is 289 days. Historically, the stock market has always rebounded as the economy generally expands after a recession.

So, if you're bullish on the long-term prospects of the U.S. stock market, these two Cathie Wood stocks can double your investment in the next five years.

A market leader in the electric vehicle segment

[Electric vehicle](#) (EV) manufacturer **Tesla** ([NASDAQ:TSLA](#)) is among Cathie Wood's largest holdings. The worldwide shift towards clean energy solutions should act as a massive tailwind for Tesla while driving its top-line growth in the upcoming decade.

Despite its steep valuation, Tesla can easily double from current prices. Valued at a [market cap](#) of US\$754 billion, TSLA stock price is down 41% from record highs. However, according to analyst estimates, the EV heavyweight is forecast to increase from US\$53.82 billion in 2021 to more than US\$121 billion in 2023. Further, its adjusted earnings are estimated to grow by 55% annually in the next five years.

We can see why Tesla stock is trading at 6.2 times forward sales and 40.8 times forward earnings. It's a fundamentally strong company that leads a rapidly expanding market and enjoys a wide economic moat.

In the near term, Tesla will continue to wrestle with supply chain disruptions and high input costs. But

the global shift towards EVs is inevitable, making Tesla an enticing bet right now.

Tesla shares have created massive wealth for investors and have surged by a staggering 18,000% since its IPO in July 2010. Analysts remain bullish on this Cathie Wood stock and expect it to gain another 25% in the next year.

A collaboration giant

Another growth stock that's part of Cathie Wood's stable is **Zoom Communications** ([NASDAQ:ZM](#)). The pandemic acted as a tailwind for Zoom, allowing the virtual collaboration technology company to increase its sales from US\$622.6 million in fiscal 2020 to US\$4.09 billion in fiscal 2022 (ended in January).

Due to the reopening of economies and offices, Zoom's top-line growth is expected to decelerate to just 7.1% or US\$4.4 billion in fiscal 2023 and then increase by 9.5% to US\$4.81 billion in fiscal 2024. Its adjusted earnings are also forecast to narrow from US\$5.07 per share in fiscal 2022 to US\$3.70 per share in fiscal 2024.

Zoom stock is down 70% in the last year and is valued at 4.8 times forward sales and 21 times forward earnings, which is quite reasonable.

Zoom has a strong balance sheet and is equipped to survive the ongoing downturn. It remains on track to report US\$1.5 billion in operating earnings despite falling sales growth. The work-from-home trend is here to stay, and Zoom's portfolio of enterprise-facing products should allow the company to gain traction in the collaboration market over time.

ZM stock is also trading at a discount of almost 40% compared to average analyst price target estimates.

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