



2 Growth Stocks to Invest \$500 in Right Now

Description

Growth stocks have the potential to grow above the market average, thus delivering superior returns. However, rising interest rates and expensive valuations have made investors move away from these stocks this year. As a result, some of these stocks are seeing a substantial decline in their stock values. Yet, these steep corrections have dragged the valuations of the following two stocks down to attractive levels. So, despite the [volatile environment](#), investing a small amount, maybe around \$500, in the following two stocks can be a good strategy.

Lightspeed Commerce

First on my list would be **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)), which offers omnichannel solutions to small and medium-scale businesses across multiple industries. Amid the expectation of deacceleration in growth, an expensive valuation, and growing net losses, the company has lost over 80% of its stock value compared to its 52-week high. The correction has dragged its NTM (next 12 months) price-to-sales multiple down to 3.4, lower than its historical average.

Meanwhile, Lightspeed Commerce has continued on its growth trajectory. Its topline has grown by 50% in the recently reported first quarter of fiscal 2023 amid an expanding customer base and increasing average revenue per user (ARPU). Supported by its innovative product offerings, the company has added 3,000 new customers during the quarter while growing its average revenue per user by 39%. Although its net losses rose during the quarter, the company's management hopes to achieve adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) break even by March 2024.

Since the POS provider caters to the retail and restaurant businesses, it could benefit from easing COVID-related restrictions. Also, its recurring revenue streams, expansion to new markets, strategic acquisitions, and broad product offering could continue to drive its top line. So, considering all these factors, I believe investing in Lightspeed Commerce is a risk worth taking.

goeasy

goeasy ([TSX:GSY](#)) has been one of the consistent performers over the last 20 years. Its revenue and adjusted EPS (earnings per share) are growing at a CAGR (compounded annual growth rate) of 12.8% and 24.9%, respectively. Supported by these strong performances, the company's stock price has grown at a CAGR of 37.7% during this period.

Even in this challenging environment, the company has continued its uptrend. Its revenue and adjusted net income have grown by 30% and 15.1% in the first six months of this year, respectively. Besides, its net charge-off rate stands at 9.3%, within its guidance of 8.5%–10.5%. The strong performance from the automotive financing vertical and growth in home equity loans drove its financials. Despite its solid financials, the company has lost around 37% of its stock value this year. The fear that the rising interest rates and inflationary environment could slow down its growth has made investors nervous, thus dragging its stock price down.

Despite these uncertainties, goeasy's management is confident of growing its loan portfolio by 62% to reach \$4 billion by 2024. Amid the expansion of the loan portfolio, the company's management expects its revenue to grow at a CAGR of 18%. At the same time, its operating margin could increase at an annualized rate of 100 basis points. So, its growth prospects look healthy.

goeasy has also been growing its [dividends](#) at an impressive annualized rate of over 34% since 2014. Its forward dividend yield currently stands at a healthy 3.28%. So, considering its healthy growth prospects, high dividend growth, and attractive NTM [price-to-earnings](#) multiple of 8.4, goeasy could be a worthwhile growth stock to buy even in this volatile environment.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:GSY (goeasy Ltd.)
3. TSX:LSPD (Lightspeed Commerce)

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Author

rnanjapla

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