3 Bargain Stocks to Buy Today and Hold for the Next 5 Years

Description

Investing in top TSX stocks that have corrected quite a lot on fear of a recession and valuation concerns can generate solid returns in the next five years. While a weak economic environment could limit the recovery in the short term, the downside risk remains capped, considering the massive decline in their prices.

So, if you are sitting on extra cash and do not need it for the next five years, consider investing in the following three TSX stocks at current levels to earn solid capital gains. Most of these stocks are trading cheap (they have lost over 30% of their value in 2022), providing an excellent investment opportunity.

goeasy

Let's begin with **goeasy** (TSX:GSY), which provides leasing and lending services to subprime consumers. goeasy has a history of consistently delivering double-digit revenue growth (its top line has increased at a CAGR, or compound annual growth rate, of 15.9% in the past decade). Thanks to its higher sales and steady credit performance, goeasy's adjusted EPS (earnings per share) has increased at a CAGR of approximately 29%. In 2022, Its top line marked growth of 30% (in the first six months), while adjusted net income registered an increase of 15%.

Despite this stellar performance and continued growth in the loan portfolio, goeasy stock has dropped over 34% year to date. Economic uncertainty and its potential impact on subprime borrowers have weighed on goeasy stock. However, this correction is unwarranted, especially as the management projects double-digit revenue growth through 2024. Any improvement in the economy will likely give a solid boost to goeasy stock. Meanwhile, investors can profit from its robust dividend payments.

Overall, goeasy has the potential to deliver attractive returns in the next five years. Meanwhile, investors can earn a well-covered yield of 3.4% along the way.

Docebo

From financial services, let's move to technology stocks. Down about 61% year to date, **Docebo** (TSX:DCBO) has the potential to deliver outsized returns. The company has been consistently delivering solid growth, which indicates that the decline in its stock price is unjustified. However, this pullback is a solid opportunity for buying it and benefitting from the recovery in the medium term.

Docebo's solid ARR (annual recurring revenues) growth (growing at a CAGR of 66% since 2016), increase in enterprise customer base, higher average contract value, and increased revenues from existing customers provide a solid platform for a recovery in its stock. Moreover, geographic expansion, accretive acquisition, new product launches, and productivity savings augur well for growth.

Shopify

Down about 76% year to date, **Shopify** (TSX:SHOP) is must-have stock at current levels. The e-commerce platform provider is poised to gain from the digital shift, as more merchants adopt its multiple solutions. Moreover, its growth is expected to accelerate as its investments in growth measures have started to gain traction.

The expansion of its existing products in new markets and increased adoption of its payment (including the offline offerings) and capital solutions bode well for growth. Also, strengthening its fulfillment services, strategic alliances with social media companies, and launching new merchant features will drive its merchant base and lead to a recovery in its price.

Shopify stock is trading cheap and is at a multi-year low, providing a good buying opportunity.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
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snahata