



3 Top Stocks to Buy Now in a Once-in-a-Decade Opportunity

Description

The rising interest rate, uncertain economic outlook, and higher inflation have weighed on some quality stocks, which are trading at considerable discounts compared to their recent highs. Meanwhile, given their solid business models and healthy growth potential, the steep pullback in the following three stocks has provided an excellent entry point for long-term investors.

Algonquin Power & Utilities

Algonquin Power & Utilities ([TSX:AQN](#)) is a utility and renewable energy company that has delivered impressive returns of over 350% in the last 10 years at an annualized rate of 16.2%. However, the company is under pressure this year, losing around 44% of its stock value. Given its capital-intensive utility business, the rising interest rates have impacted its financials and stock price.

In the recently reported third-quarter earnings, AQN's net losses increased by 600% to \$195.2 million. Amid its lacklustre performance, the company's management also lowered its adjusted EPS (earnings-per-share) guidance for this year to US\$0.66-US\$0.69 from earlier guidance of US\$0.72-US\$0.77. Meanwhile, the steep correction has dragged its NTM (next 12-month) price-to-earnings multiple to 10.2, which is lower than its historical average.

Meanwhile, AQN has deployed around US\$1.3 billion of capital this year as of September 30. It also expects to invest an additional US\$250-US\$340 million in the fourth quarter. Further, it is developing several renewable energy facilities, which could increase its power production by 640 megawatts. Given its healthy growth prospects, attractive valuation, and [dividend](#) yield of 9.57%, I believe AQN is an excellent buy for long-term investors.

Cargojet

Cargojet ([TSX:CJT](#)) is my second choice, given its solid track record and healthy growth prospects. Over the last five years, the air cargo company has delivered returns of over 280% at a CAGR (compound annual growth rate) of 30%. However, amid the rising interest rates and recession fears,

the company has lost around 23% of its stock value this year. Amid the steep correction, its NTM [price-to-earnings](#) multiple has declined to 18.

Meanwhile, the expansion of the e-commerce business is driving the demand for air cargo services, thus expanding the market for Cargojet. The demand for air cargo could grow at a rate of 4% through 2030. Meanwhile, the company expects to add around 14 aircraft over the next two years to meet the rising demand. The company has signed long-term agreements with many blue-chip clients, which provide stability to its financials. So, I am bullish on Cargojet, despite the volatility.

goeasy

goeasy ([TSX:GSY](#)) has delivered a solid performance over the last two decades, with its revenue and adjusted EPS growing in double digits. However, the fear of rising delinquencies amid increasing interest rates and an uncertain outlook has dragged down the company's stock price. It has lost around 36% of its stock value compared to its 52-week high. Also, its NTM price-to-earnings multiple has declined to 8.6, which looks cheap.

Meanwhile, the subprime lending market is highly fragmented. Given its solid distribution network, geographical expansion, and technological adoption, goeasy is well positioned to expand its market share. The company's management expects its loan portfolio to grow by 54% from its current levels to \$4 billion by 2025. Expanding its loan portfolio could boost its financials, thus driving its stock price. goeasy also pays a monthly dividend of \$0.91/share, with its yield currently at 3.18%.

So, I believe investors who missed goeasy's earlier bull run could utilize the recent correction to accumulate the stock to reap higher returns.

CATEGORY

1. Bank Stocks
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TICKERS GLOBAL

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2. TSX:CJT (Cargojet Inc.)
3. TSX:GSY (goeasy Ltd.)

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