1 Oversold Dividend Stock I'd Buy Before 2023

Description

The Canadian stock market has seen a healthy correction in 2022 after the **TSX Composite** benchmark dived by slightly less than 8% in the last eight months. So before 2023 begins, investors should not find it difficult to discover some oversold dividend stocks on the Toronto Stock Exchange. Though not all oversold stocks would be worth buying on the dip. Some dividend stocks with strong fundamental growth prospects could be worth considering for the long term. After the recent correction, some healthy dividend payers look undervalued. In this article, I'll talk about one such oversold dividend stock in Canada that you can buy before 2023.

An oversold Canadian dividend stock to buy before 2023

When you're investing in stocks for the long term, you may want to ignore short-term market noise and temporary market uncertainties. This principle will help you pick the right stocks by focusing on the long-term growth potential of a stock instead of worrying about its short-term challenges. Keeping that principle in mind, **goeasy Ltd** (TSX:GSY) could be a great Canadian dividend stock to buy on the dip before 2023.

This Mississauga-based financial services company currently has a market cap of $1.9 billion as its stock trades at $115.17 per share after losing nearly 34% of its value this year. At the current market price, goeasy offers a decent 3.2% annual dividend yield and distributes its dividend payouts every quarter. Now, let me give you some key reasons why I find this oversold Canadian dividend stock attractive to hold for the long term.

Key reasons to buy this dividend stock now

goeasy primarily focuses on providing nonprime leasing and lending services to its customers. Many investors are consumers of its multiple brands like easyhome, easyfinancial, and LendCare. Despite ongoing macroeconomic challenges, the demand for its lending services has remained healthy. The rising demand for its financial services is clearly visible in its recent financial growth trends. In the September quarter, the company reported a 19.3% year-over-year increase in its total revenue to

$262.2 million. easyfinancial segment revenue saw a solid 24% jump. Notably, goeasy has posted same-store revenue growth for 50 consecutive quarters and positive net income for 85 quarters in a row.

While the lending business might sound risky at first, goeasy prudently manages risk. The lender's main focus is managing credit risk by focusing on the quality of its loan originations and underwriting standards. This risk management strategy makes it stand out among similar companies. Looking ahead, tough economic times might lead to a short-term decline in the demand for its lending services. However, its long-term growth outlook remains solid with its strong profitability and effective risk management practices. Given its strong fundamentals, I expect goeasy stock to stage a sharp recovery in 2023. This rebound could be the start of a strong long-term rally.

Bottom line

These positive factors could help goeasy's share price appreciate. Investors further benefit from strong quarterly dividends to improve the returns on an investment in GSY. Say, for example, you have the risk appetite to invest about $30,000 in GSY stock right now. The dividends could help you earn roughly $952 in passive income each year. That said, you shouldn't forget to diversify your stock portfolio by including more such dividend stocks to minimize your risks.

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