3 TSX Stocks to Buy With $1,000 Right Now

Description

With the retreat in share prices, investors have plenty of investment opportunities. While several top TSX stocks are now trading considerably below their highs, a few have the potential to recover fast and deliver stellar returns in the medium to long term. So if you could spare $1,000, let's focus on three TSX stocks that can reach their 52-week highs fast and create new highs.

Aritzia

Aritzia (TSX:ATZ) is a vertically integrated fashion house, shares of which are down about 21% from their 52-week high. This consumer discretionary stock benefits from the strong demand for the company's products. The company supports full-price selling of women's fashions.

It's worth highlighting that the company's sales and earnings have increased at a double-digit rate since 2016. Its revenue and adjusted net income have a CAGR (compound annual growth rate) of 18% and 28%, respectively. Furthermore, in the first half of FY23, Aritzia's top line marked 56.5% growth despite macro headwinds. Also, its adjusted EPS registered an increase of 38.6%.

Aritzia projects its net revenue to reach $3.5–$3.8 billion by FY27, implying a CAGR of 15-17%. Also, its bottom line growth is expected to exceed sales growth.

The ongoing strength in its e-commerce and retail channel, momentum in the U.S. business, new boutique openings, and expansion in new segments will support its growth and drive its stock price higher.

goeasy

goeasy (TSX:GSY) stock is down about 43% from its 52-week high and looks attractive at a price-to-earnings multiple of 7.7, which is lower than the pre-COVID level of over 11. While goeasy stock is trading at a discount, it continues to deliver robust sales and earnings growth that shows the strengthof its business model.

So far, in 2022, goeasy's top line has increased by 26%, which is well above its historical growth rate of approximately 16% (its revenue grew at a CAGR of 16% since 2011). Also, its bottom line recorded an increase of 11% year to date, which is encouraging.

It continues to benefit from higher loan originations and steady credit and payment performance. Moreover, it returns substantial cash to its shareholders through higher dividend payments.

Management projects double-digit revenue growth in the foreseeable future and expects to expand operating margins by 100 basis points annually. Also, its net charge-off rate is well within the target range. Overall, goeasy is poised to deliver solid returns on the back of solid financials and boost shareholders' returns through consistent dividend payments.

Shopify

Down about 76% from its 52-week high, **Shopify** (TSX:SHOP) is a top tech stock to buy and hold at current levels. Thanks to the significant decline, Shopify stock is trading at a next 12-month enterprise value-to-sales multiple of six, which is at a multi-year low. While Shopify's valuation reflects its strong competitive positioning in the e-commerce space, investments in its platforms and products, and secular sector trends bode well for growth.

The increased adoption of its POS (point-of-sale) offerings, expansion into new markets, and partnerships with social media companies augur well for growth. Further, Shopify faces easier year-over-year comparisons in the coming quarters, which will likely support its growth.

CATEGORY

1. Investing

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

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