Got $5,000? These 3 Growth Stocks Are Trading at Substantial Discounts

Description

[Growth stocks](#) need higher capital investment to fund their growth initiatives. So, amid the rising interest rates and uncertain economic outlook, these stocks witnessed substantial selling last year. However, since the beginning of this year, these stocks have seen strong buying. Despite the recovery, the following three stocks are trading at a substantial discount from their 52-week high, thus offering an excellent buying opportunity for long-term investors.

Cargojet

Cargojet (TSX:CJT) offers time-sensitive air cargo services to prominent cities across North America and a few select international destinations. The company has delivered solid performance over the last few years, returning over 280% from 2016 to 2021 at an annualized rate of around 30%. However, last year, the company lost approximately 30% of its stock value amid an uncertain economic outlook and rising interest rates.

Amid the steep correction, the company trades at a discount of 38% from its 52-week high while its NTM (next 12-month) price-to-earnings multiple stands at an attractive 17.4. Meanwhile, the demand for global air cargo services is increasing amid e-commerce growth. To benefit from the growing demand, the company has planned to add 12 aircraft by the end of 2024. Also, its long-term agreements with minimum guaranteed volume and strategic partnerships would stabilize its financials. So, I believe Carojet is an excellent buy in this volatile environment.

BlackBerry

BlackBerry (TSX:BB) is a Canadian company that offers cybersecurity and embedded software solutions for automobiles. After a weak 2022, the company started this year on a solid note, with its stock price rising by 29.5%. Despite the recent surge, it still trades over 46% lower than its 52-week high. So, as the stock begins to recover, investors should look to accumulate the stock to earn superior returns over the next three years.

Although its revenue from cybersecurity is falling, BlackBerry's IoT (Internet of Things) revenue is growing strongly amid record design wins in its auto and general embedded domains. Earlier this month, the company announced that it had integrated its IVY platform, co-developed with **Amazon** Web Services, into three digital cockpit platforms. The company has announced that the platform will be generally available from May 2023.

With the growth in the connected car market and increased usage of electronic equipment in vehicles, I expect the demand for BlackBerry's products and solutions to grow. So, given its discounted stock price and healthy growth prospects, I am bullish on BlackBerry.

goeasy

My final pick is **goeasy** (TSX:GSY), a subprime lender. Amid the rising interest rates and recession fears, investors are worried that the company's delinquencies would increase, thus leading to a selloff. So, it trades 30% lower than its 52-week highs, while its NTM price-to-earnings multiple stands at an attractive 9.1.

Meanwhile, the company has continued to deliver solid financials, with its loan originations growing by 47% in the September-ending quarter. These loan originations have expanded its loan receivables by 37% to $2.59 billion while its net-off rate remained within its guidance of 8.5-10.5%, thus depicting its healthy credit quality.

Given its omnichannel offerings and wide range of products, goeasy's management expects its loan portfolio to grow by 54% to reach $4 billion by the end of 2025. Amid the expanding loan portfolio, the management expects to deliver a return on equity of over 22% per annum. It pays a quarterly dividend of $0.91/share, with its yield currently at a healthy 3%.

CATEGORY

1. Investing

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

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Date
2025/07/20
Date Created
2023/01/24
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