3 Cheap Stocks I'd Buy Before the Bull Market Arrives

Description

Bear markets provide investors an opportunity to buy stocks at a discount and benefit from outsized gains once overall sentiment improves. In the last 13 months, several high-flying growth stocks trading on the TSX have lost significant momentum and are available at a massive discount.

Here, I have identified three such cheap stocks you can buy before the next bull market.

A clean energy giant

A behemoth in the clean energy sector, **Brookfield Renewable Partners** (TSX:BEP.UN), should be on your shopping list right now. Down 33% from all-time highs, BEP stock also offers investors a dividend yield of 4.4%.

It owns and operates a portfolio of clean energy facilities that includes 193 hydroelectric stations and 11 wind facilities in addition to two natural gas-fired plants. The company is expected to triple its power-generation capacity in the upcoming decade, providing it with enough room to expand its top line, cash flows, and dividends in the future.

A majority of BEP's cash flows are regulated and backed by long-term power-purchase agreements, providing investors with earnings visibility across market cycles.

BEP stock has already returned 968% to investors in the last 15 years after adjusting for dividends. It's currently trading at a discount of 25% compared to consensus price target estimates.

A health-tech growth stock

One of the fastest-growing TSX stocks in the last five years, **Well Health** (TSX:WELL) has returned 3,210% to shareholders since its initial public offering in 2016. But WELL stock is also down 64% from all-time highs, allowing you to buy the dip.

Well Health increased its revenue from $32.8 million in 2019 to $302.3 million in 2021. The company is on track to end 2023 with sales of $567 million, and WELL has successfully expanded its top line on the back of highly accretive acquisitions.

Similar to other growth stocks, WELL Health is also unprofitable. But its forecast to report an adjusted profit of $0.02 per share in 2023 compared to a loss of $0.23 per share in 2021.

In the last three quarters, WELL Health also reported an adjusted EBITDA (earnings before interest, tax, depreciation, and amortization) of $77.4 million.

Priced at less than two times forward sales, WELL stock is reasonably valued and is trading at a discount of more than 100% compared to consensus price target estimates.

A small-cap TSX stock

The final cheap stock on my list is **Savaria** (TSX:SIS). Valued at a market cap of $952 million, Savaria is a small-cap TSX stock that also offers shareholders a dividend yield of 3.5%. Operating in the mobility space, Savaria has returned 1,380% to investors in the last 10 years. SIS stock is currently trading 30% below all-time highs and is forecast to surge over 40% in the next 12 months.

Priced at 26.4 times forward earnings, SIS stock is cheap, given its adjusted earnings are forecast to more than double from $0.37 per share in 2021 to $0.80 per share in 2023.

Savaria recently built a new factory in Mexico and already operates two facilities in China. These capital expenditures will help the company achieve net sales of $1 billion by 2025.

CATEGORY

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2. TSX:SIS (Savaria Corporation)
3. TSX:WELL (WELL Health Technologies Corp.)

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