2 Canadian Growth Stocks (With Dividends) to Start 2023 With a Bang

Description

Some beaten-down Canadian growth stocks from last year have witnessed renewed buying in the first few weeks of 2023, as investors expect them to stage a sharp recovery soon. The renewed buying in growth stocks is the key reason why the **TSX Composite Index** has jumped by 6.4% in January so far after witnessing a downside correction in 2022.

In this article, I'll highlight two of the best Canadian growth stocks you can buy at the start of 2023 and expect to benefit from an expected recovery in their share prices this year and beyond. Interestingly, both the Canadian stocks I'll highlight here currently also reward their investors with dividends.

goeasy stock

goeasy (TSX:GSY) is a Mississauga-headquartered company that provides leasing and lending services to its customers through its three main brands easyfinancial, easyhome, and LendCare. The company currently has a market cap of $2 billion as its stock trades at $119.88 per share with about 12.6% year-to-date gains after witnessing nearly 41% value erosion last year. At the current market price, GSY stock offers a decent 3% annual dividend yield.

After registering 38% YoY (year-over-year) earnings growth in 2021, goeasy's earnings-growth rate declined in recent quarters, which could be the primary reason for a sharp correction in its share prices in 2022. Notably, the company's total revenue rose 26% YoY to $746 million in the first three quarters of 2022. However, elevated borrowing costs amid an unstable economic environment pressured its profitability. As a result, its adjusted earnings increased at a slower rate of 11.1% YoY in the first three quarters of the year to $8.50 per share.

Despite short-term headwinds due to an unstable macroeconomic environment, goeasy expects its bottom-line margin to improve in the coming years, as the demand for its lending and leasing services continues to be strong. Given that, GSY could be a good growth stock to buy in Canada at the start of 2023 after its recent dip.

Sprott stock

Sprott (TSX:SII) could be another great growth stock to consider right now, and it pays dividends. It is a Toronto-headquartered asset management company with its main focus on precious metal and real asset investments. It has a market cap of $1.4 billion as its share prices have surged by more than 20% in 2023 to $54.32 per share after declining by about 21% last year. This Canadian growth stock offers a 2.4% dividend yield at the current market price.

During the quarter ended in September 2022, Sprott's assets under management (AUM) fell 4% sequentially to $21 billion, as the market value across its fun products continued to depreciate. Its commission revenue fell by 18% YoY in the first three quarters of the year due mainly to lower mining equity origination activity in its brokerage segment. These factors justify why its stock fell more than 20% in 2022.

On the positive side, new acquisitions, strong inflows from its physical trusts, and private strategies helped the company limit the negative impact of the market downturn on its AUM to a great extent during 2022's first three quarters. We also shouldn't forget that Sprott's AUM has expanded from just about $5.8 billion at the end of 2017 to $21 billion now, reflecting massive long-term growth. Similarly, the recent growth trends in management fees and financial income look strong. These positive factors, along with Sprott's consistent focus on new acquisitions to expand its business further, make it a very attractive Canadian growth stock to buy in 2023 and hold for the long term.

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