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

Description

The macro headwinds dragged growth stocks down in 2022. Meanwhile, the ongoing economic uncertainty could limit the recovery of Canadian stocks. Though growth stocks might not attract in the short term, holding a few high-quality ones in a portfolio can significantly enhance the overall returns in the long term. So, if you plan to add a few growth stocks to your portfolio, here are my three picks that could beat the benchmark index by a wide margin.

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Aritzia

Aritzia (TSX:ATZ) stock has outpaced the S&P/TSX Composite Index and increased at a CAGR (compound annual growth rate) of approximately 28% in the last five years. Moreover, given the strong demand for its offerings, this top consumer discretionary stock can handily beat the broader market averages by a wide margin in the long term.

Notably, this fashion house has grown its revenue and earnings at a CAGR of 19% and 24%, respectively, since 2018. Moreover, the momentum in sales and profit are likely to sustain. Thanks to the solid demand, Aritzia benefits from full-price selling, which drives its revenues and margins. Meanwhile, boutique expansion in the high-growth market like the U.S., growing penetration into new categories, and strength in the e-commerce business bode well for future growth.

The company sees its sales growing at a CAGR of 15-17% through 2027. Moreover, its earnings are forecasted to grow faster than revenues.

With a double-digit sales and earnings-growth rate, Aritzia could deliver stellar returns for its shareholders.

Cargojet

Cargojet (TSX:CJT) is Canada’s leading air cargo service provider, with next-day delivery capabilities to over 90% of Canadian households. Thanks to its solid competitive positioning in the domestic market, Cargojet consistently grows its revenue and earnings at a double-digit rate.

It’s worth highlighting that Cargojet benefits from long-term contracts with customers. About 75% of its domestic revenues are under long-term contracts with renewable options. Moreover, these contracts are supported by minimum revenue guarantees and cost pass-through provisions, which support its top and bottom lines.

In addition, Cargojet’s focus on network and fleet optimization, ability to retain top customers, and opportunities in the international market bode well for growth. Also, the growing penetration of e-commerce has led to an increase in demand for air cargo services, which will likely drive the revenue and earnings growth rate of Cargojet and drive its stock price higher.

goeasy

goeasy (TSX:GSY) provides leasing and lending services to subprime customers. The company is benefitting from higher loan originations, reflected through its strong revenue and earnings in the past decade. Notably, goeasy’s top and bottom lines had a CAGR of 16% and 33.6%, respectively, from 2011 to 2021. Meanwhile, the growth momentum sustained in 2022, despite macro headwinds.

Looking ahead, goeasy’s wide product range, omnichannel offerings, and higher loans will drive its top line. Moreover, benefits from its steady credit and payment performance and operating leverage will cushion its earnings.

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Thanks to its growing earnings base, goeasy will likely enhance its shareholders’ value through higher dividend payments.

CATEGORY

1. Investing

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

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