Got $2,000? Here Are 2 Beaten-Down Growth Stocks to Buy Right Now

Description

Not all growth stocks are worth buying when they are discounted. There is a disconnect here from dividend stocks that become far more attractive when discounted (assuming the payouts are sustainable), since the yield goes up proportionally to the discount tag.

That doesn't mean growth stocks don't become *attractive* when discounted, because the lower price is an asset if the stock recovers and returns on the growth track. However, not all growth stocks do, at least not within a reasonable timeline.

Some growth stocks remain beaten down for years before they get back on track, and unless the growth they offer (including recovery) far outshines their peers, the "time cost" makes the overall returns less attractive.

There are a few Canadian stocks worth considering, even in their beaten-down state, as they may offer promising growth prospects.

A tech stock

After an aggressive correction phase, the tech sector is finally recovering, which is reflected in the growth of heavily discounted stocks (still) like **Nuvei** (TSX:NVEI). The company is trading 72% below its 2021 peak price, even after the 45% ascend it has experienced since December 2022.

The fall of Nuvei was uncharacteristically harsh, even for a tech stock, because it has a trigger beyond a falling sector. A short-seller report that highlighted some of the company's weaknesses eroded a lot of investor confidence. However, it doesn't change anything about the company's core strengths.

As an advanced payment solution company, Nuvei has a lot of room to grow in a rapidly growing e-commerce market. The company is also capable of handling crypto-based payments and offers relevant solutions. This capability may not be an asset now, but it can make Nuvei an early bird when crypto payments for goods or services start gaining mainstream adoption.

At its current $50 price, the stock can offer 100% returns by reaching a three-digit price tag, which is a manageable target. The stock is already going up under the influence of a recovering tech sector, and it may be enough for the bullish momentum needed to reach the desired price.

A utility company

Algonquin Power & Utilities (TSX:AQN) stock was already suffering when it announced its decision to cut its dividends by 40%. The company also plans to sell roughly $1 billion worth of assets to improve its financial position. It has to make some radical decisions about its debt management since it's weighing down the company's finances.

As a result of the decline, the stock is currently trading at a 55% discount from its 2021 peak, and it's still heavily overvalued. However, the company's tough steps to take back control of its financial standing might actually be a good sign. Algonquin isn't just a dividend stock. It's also a growth stock, and when the dust settles, it may experience a bull market resurgence and start going up rapidly.

The reason for this optimism is that the company still has the same underlying strengths — i.e., a focus on renewables, diverse operations, and end-to-end electrical utility business.

Foolish takeaway

The two beaten-down growth stocks may not recover at the same time. Nuvei's growth is already underway, and it may ride the momentum for several months. Algonquin may slump or fluctuate for a while before enough market confidence is restored and it gains traction.

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