



Better Buy: Shopify Inc. vs. Sierra Wireless, Inc.

Description

Many Canadian investors looking for exposure to high-flying tech stocks are probably converting their Canadian dollars into greenbacks at an abysmal rate just to get a good taste of tech from the NASDAQ exchange.

It's not a mystery that the exchange rate is going to hit you hard if you decide to venture south of the border with your investments, so would it make more sense to invest in a Canadian tech stock instead?

There are great tech stocks on the TSX if you know where to look, but there's less selection, and you're probably not familiar with some of the names as you would be with tech stocks trading on the NASDAQ. But if you're a young Canadian investor focusing on capital appreciation, then you should at least keep Canadian tech names on your radar because you could have the feast of sky-high returns offered by tech without the indigestion of the foreign exchange.

Shopify Inc. ([TSX:SHOP](#))([NYSE:SHOP](#)) and **Sierra Wireless, Inc.** ([TSX:SW](#))([NASDAQ:SWIR](#)) are two great Canadian tech stocks that are growing ridiculously fast. Both stocks have enjoyed a nice run over the past year, and valuations may appear to be out of this world, but which of these two tech favourites is the better buy today?

Shopify Inc.

Shopify is an incredible e-commerce story that's still in the early stages of its growth cycle. The company has a subscription-based model which its customers love. Customers aren't stuck under long-term contracts; they stay subscribers because Shopify is one of the best e-commerce platforms on the market for small- and medium-sized businesses.

Although Shopify is growing fast, pundits believe that the company has run ahead of reality. Many analysts have been downgrading the stock of late because it appears nothing but optimism is priced in to the stock at current levels.

Shopify is a wonderful business with many promising growth prospects, but at \$120, I think the price is a bit too steep. I could be wrong though, as Shopify has continued to skyrocket, despite a questionable

valuation.

Sierra Wireless, Inc.

Sierra Wireless is a wireless communications equipment designer. It's a great way to play the rise of the Internet of Things, which is expected to be one of the fastest-growing industries over the course of the next decade.

Just think about what's happened over the past few years: everyday low-tech items have been started to become "smart." From smoke detectors to toilets, objects are getting smarter, and the companies that provide connectivity to such objects will profit greatly over the long haul.

Sierra Wireless is quite pricey with a 61.65 price-to-earnings, but if you're a long-term investor, you'll probably do very well in a few years from now.

And the better buy is...

Both stocks offer next-level growth, but they're both expensive. I believe both stocks will be extremely volatile in the coming months, so I'd strongly recommend waiting for a pullback in either of these stocks before initiating a position.

If I had to pick a better buy today, I'd have to go with Shopify. I like the predictability from the subscription model, and the momentum is going to be hard to stop, even if it has run above and beyond reality.

Stay smart. Stay hungry. Stay Foolish.

CATEGORY

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2. Tech Stocks

TICKERS GLOBAL

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:SHOP (Shopify Inc.)
4. TSX:SW (Sierra Wireless)

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