



2 TSX 30 Growth Stocks to Beware of Buying!

Description

In my opinion, the TSX 30 is an intriguing list. It wants to announce to the investing public the top growth stocks. Cannabis producer **Canopy Growth** ([TSX:WEED](#))(NYSE:CGC) is on the top of the heap. **Shopify** ([TSX:SHOP](#))(NYSE:SHOP) deserves to be in the second spot, if not the first.

The first-ever edition of the TSX 30 wants you to buy into the compelling success stories of the companies. If you use it as a guide, then Canopy and Shopify are the growth [stocks for the long haul](#).

Proven but expensive

The position of the **Amazon**-wannabe is not debatable. I am using the word *wannabe* because Shopify could be in the league of the e-commerce giant in a couple of years. Canada's top tech stock is doing great. None could compare to the phenomenal success of the cloud-based multi-channel commerce platform.

If not for Shopify, small- and medium-sized businesses in Canada, the U.S., the U.K., Australia, and other countries would be struggling to make profits. Shopify made it to the TSX 30 on account of its 883% three-year return.

Shopify is helping anyone running a business to succeed via e-commerce. It covers the entire marketing and sales process from designing the website to inventory management and the last step of payment collection.

Over 800,000 merchants are riding on the Shopify platform. The percentage of success is higher in proportion to failure. Every time a business succeeds, Shopify makes a profit. The only apprehension is that the stock is proven but expensive.

Cheap but unproven

Canopy Growth's three-year return of 1,823% dwarfs that of Shopify's. For this reason and given

criteria TSX 30's creator, the acknowledged cannabis industry leader is in the [top spot](#).

The legal marijuana industry was supposed to be the ultimate growth industry. Unfortunately, none of the cannabis companies, including Canopy Growth, was able to reward investors with massive gains after the legalization.

The market capitalization of the sector's big fish is down to \$9.24 billion, thereby losing its large-market-cap status. To cut the story short, investors are losing interest in the cannabis space. It's doubtful whether Cannabis 2.0 can regain the glory that never was.

Canopy's partnership with **Constellation Brands** is a bright spot. However, legal marijuana won't be able to realize its full commercial potential unless the United States approves it at the federal level. Until then, Canopy Growth and the rest of the cannabis producers will struggle to make profits.

The pot stock has gone down by much as 62% since late April and is nearing its 52-week low of \$25.19. Under ordinary circumstances, the current price of \$26.57 is a good entry point. You can disregard the mounting losses and focus on the long-term potential of Canopy Growth.

Canopy Growth is cheap but unproven in terms of delivering the goods to investors. Besides, the extreme volatility in the space is too much to bear.

Hard and easy decision

The easier decision is to pass up on Canopy Growth. Deciding on Shopify is hard, as you have to wait for a steep drop for a good entry point. For now, it's highly questionable if the top two growth stocks on the TSX 30 are great buys for the long haul.

CATEGORY

1. Cannabis Stocks
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:CGC (Canopy Growth)
2. NYSE:SHOP (Shopify Inc.)
3. NYSE:STZ (Constellation Brands Inc.)
4. TSX:SHOP (Shopify Inc.)
5. TSX:WEED (Canopy Growth)

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