



Supercharged: \$20k in This Tech Stock Five Years Ago Is Worth Over \$700k Today!

Description

Last month, I discussed why investors should lock in on the [e-commerce space](#) to start this decade. The COVID-19 pandemic and the subsequent lockdowns have accelerated business trends. One of those has been the steady decline of brick-and-mortar retail and the migration of shoppers into the digital space. Investors can take advantage of this trend by targeting tech stocks that are flourishing due to e-commerce growth.

Today, I want to look at one Canadian tech stock that has been the story of the last half decade. A roughly \$20,000 investment in this stock back when it launched its initial public offering would be worth (714 shares) over \$700,000 as of close on May 7. Better yet, the growth story may be just beginning. Let's jump in.

The top TSX tech stock

Foolish readers have likely already guessed that I'm talking about **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). Shares of Shopify have climbed 96% in 2020 as of close on May 7. The stock is up 190% year over year.

Shopify launched its IPO all the way back in May 2015 and opened trading around the \$28 price point. Investors who got in early on this top tech stock have been richly rewarded.

Shopify is a superstar on the **TSX**, but it's also punching above its weight in comparison to U.S. tech giants like **Amazon**, **Facebook**, and **Apple**. The stock has battled short selling campaigns but has come back stronger every time.

Shopify released its first-quarter 2020 results on May 6. Its post-earnings bump made it the most valuable Canadian company on the TSX. It saw its market cap rise to \$120.9 billion, beating out **Royal Bank of Canada**.

Why Shopify can keep rolling

In April of 2019 I discussed how Shopify could develop into the [Canadian Amazon](#). As a tech stock, it has managed to outperform Amazon since its IPO.

The company has had an impressive response to COVID-19, looking to draw in more entrepreneurs during this crisis. It launched an extended 90-day free trial for all new standard plan signups and introduced local in-store/curbside pick up and delivery. Moreover, it has bolstered the online resources available to its merchants.

As for its results, Shopify delivered revenue of \$470 million – up 47% from the prior year. Gross Merchandise Volume (GMV) increased 46% year over year to \$17.4 billion. Moreover, its adjusted net income climbed to \$22.3 million or \$0.19 per share, compared to \$7.1 million or \$0.06 per share in Q1 2019.

Shopify launched Shop in Q1, a mobile shopping app that creates a more intuitive online shopping experience. For investors who want exposure to artificial intelligence development, Shopify is a leader in this space.

Should you buy Shopify today?

Shopify is a scorching hot tech stock right now. It is hovering around a 52-week high immediately after a very solid Q1 earnings release. The company boasts an immaculate balance sheet and its growth potential is extremely promising.

Buying the dip has proven to be a top strategy when it comes to this juggernaut, so value investors may want to wait for their next shot in 2020.

CATEGORY

1. Investing
2. Tech Stocks

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