



## Got \$3,000 to Invest? This Is a TSX Stock You Should Be Buying Today

### Description

The COVID-19 pandemic has created an extremely volatile year for the market so far. The **S&P/TSX Composite Index** is down 15% year to date but is up significantly from its March low.

The record-setting volatility has favoured both the bears and bulls this year. The Canadian market dropped an astounding 35% in just over one month but then rallied 15% in April alone.

The stock market volatility can largely be attributed to the news surrounding the COVID-19 pandemic. Many businesses are still closed across the country, explaining why the market is down 15% year to date. But investors are optimistic and can see light at the end of the tunnel.

As parts of Canada begin to slowly re-open, now is a great time to be adding stocks that have been hit hard by the pandemic. High levels of volatility should continue to be expected in the short term, though. But if you're a long-term Foolish investor, now is the time to be putting your cash to work.

### Lightspeed POS

As a result of the COVID-19 pandemic, there are plenty of great TSX stocks trading well below all-time highs. **Lightspeed POS** ([TSX:LSPD](#)) is down almost 40% year to date, which should not come as a large surprise.

The majority of the tech company's clients are labeled as small- or medium-sized businesses. Many of which are restaurants and brick-and-mortar retailers. As Canada is still largely imposing social distancing across the country, many restaurants and brick-and-mortar retailers are experiencing significant drops in revenue.

The POS (point-of-sale) company went public just over one year ago, and it's been a very volatile 14 months for the company. The stock price peaked at just under \$50 in August of 2019 and is now sitting slightly above its original IPO price.

## Is Lightspeed the Canadian Square?

As Lightspeed continues to grow and innovate, [the comparisons to the much larger American company, Square](#), continue to be made.

Lightspeed is largely known as a POS hardware provider, but it has grown into so much more. Similar to Square, Lightspeed has innovated its product offering to support businesses in a multitude of ways. Lightspeed now services businesses through inventory management, staffing, data analytics, and loyalty program management.

Square has recently been expanding aggressively into the e-commerce website market. This market is largely dominated by the Canadian company, **Shopify**. It will be very interesting to watch how Lightspeed expands its e-commerce offering to compete with Shopify.

This pandemic has amplified the importance of an e-commerce strategy for a retail business today. If Lightspeed can start winning market share from the much larger Shopify, the stock price will likely soon be back to all-time highs.

## Don't be afraid of the valuation

As with many growth companies, the valuation can often deter potential investors. Trading at almost 20 times sales, Lightspeed is an expensive stock at today's price; no question there. But the high valuation comes from high expected growth for the company.

In comparison, Shopify is now trading today at more than 70 times sale — [an incredibly high valuation](#). It's been considered an expensive stock for a while now. If investors had kept waiting for the valuation to drop to reasonable levels, they likely would have already missed out on lots of potential gains.

## Foolish takeaway

Lightspeed is an expensive stock today, but for good reason. There is plenty of growth still ahead for this company.

Investors with cash on the sidelines would be wise to pick up shares before the price is back to all-time highs. Shareholders should be ready for more short-term volatility. But if you're looking to hold for the long term, you'll be thanking your future self that you bought shares during this pandemic.

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