



Forget Air Canada (TSX:AC), Buy These Top TSX Growth Stocks Instead

Description

The **S&P/TSX Composite Index** is closing in on the price that it began this year. The Canadian market may only be down about 2% year to date, but there have been extreme levels of volatility since the end of February.

The COVID-19 virus has dramatically impacted economies across the globe. While most countries have seen its entire economy as a whole take a hit, certain industries have fared worse than others.

Travel stocks, including major airlines such as **Air Canada** ([TSX:AC](#)), have been one of the hardest-hit industries. While much of the world is continuing to enforce some sort of social distancing policies, both business and consumer spending on travel has been reduced significantly.

Value trap or value play?

Air Canada is now trading down more than 60% year to date. It's hard to argue that the Canadian airline won't see its stock price continue to suffer in the short-term. What sparks more of a conversation is how the company will fare in the long term.

I'm not a complete bear against the long-term prospects of Air Canada, I just believe that there are more opportunistic places to invest your money today. I've covered two top growth stocks trading on the **TSX**, each of which I believe will outperform the returns of Air Canada for many years to come.

Lightspeed

This \$3 billion company may be down 10% on the year, but that just makes me even more interested in adding shares at today's price. **Lightspeed POS** ([TSX:LSPD](#)) is primarily known as a POS provider to small- and medium-sized brick-and-mortar retailers. As a result, revenue has been largely disrupted due to the temporary store closures of many of the company's customers.

Even though the company is trading at a price that's 30% below its all-time high, valuations still may be a bit steep for some investors. But if you're investing on a long-term horizon, and can withstand volatility in the short-term, a price-to-sales of 17 shouldn't stop you from buying shares of this growth

stock.

A major reason why I'm bullish on this company is due to the company's track record of innovation. Lightspeed has followed a similar growth strategy to the American company, **Square** (NYSE:SQ).

What was once known solely as a company that sold POS hardware, Lightspeed has spent the last several years [growing its product offering](#) into so much more than that. The company now offers its clients support for employee management, data analytics, loyalty program management, and digital marketing, to name a few.

Constellation Software

This tech stock may be close to 10 times the market cap size of Lightspeed, but there is still lots of growth to get excited about.

Constellation Software ([TSX:CSU](#)) took a major hit like the rest of the market starting at the end of February, but the company has managed to put together a very strong year. The tech company has seen its share price gain 25% since the beginning of the year.

Constellation Software is a technology conglomerate that has spent years aggressively acquiring companies across all sorts of niche industries. Acquiring businesses in niche industries can lead to a major benefit to the company, as the low competition levels typically keep the acquisition costs down.

This tech company may not be a household name among Canadian investors, but that shouldn't stop you from picking up shares today.

Constellation Software has averaged an impressive [stock price growth of close to 40%](#) over the past decade, and it doesn't look like its slowing down anytime soon.

Foolish bottom line

Air Canada may be a tempting buy today at this low valuation, but sometimes it's worth paying a premium for a high-growth company. I'm not completely giving up on the airline industry, I'm just much more bullish on the tech industry in a post-COVID-19 economy.

CATEGORY

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2. Tech Stocks

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TICKERS GLOBAL

1. TSX:AC (Air Canada)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:LSPD (Lightspeed Commerce)

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