



3 High-Growth TSX Tech Stocks for Aggressive Investors

Description

Canadian broader markets have come out pretty strong after a big crash in March, but **TSX** tech stocks have outperformed them by a wide margin. These tech stocks generally exhibit higher volatility but also offer superior growth prospects. Let's see which of these TSX tech stocks could continue to trade higher.

Shopify

Shares of the tech titan **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) have surged more than 150% so far this year. Its above-average revenue growth and higher demand during the pandemic drove its stock in the last few months.

The e-commerce giant Shopify is set to release its earnings next Wednesday. Analysts expect it to report revenues of \$506 million, an increase of almost 40% compared to the same quarter last year. A higher-than-anticipated top-line growth could continue its rally in the near future.

Moreover, Shopify's [recent partnership](#) with Affirm further bolsters its aggressive growth plans and should cheer investors. With Affirm, merchants on Shopify can provide pay-later options to their customers.

More importantly, a prolonged pandemic could be the biggest driver for Shopify driven by changing consumer behaviour.

Shopify stock looks extremely overvalued at the moment. Notably, these valuation concerns might become more dominant after Q2 earnings.

Descartes Systems

A \$6 billion **Descartes Systems** ([TSX:DSG](#))([NASDAQ:DSGX](#)) offers cloud-based software solutions for logistics and supply chain management. The company has been growing organically as well as with

acquisitions for the last few years. In the last 12 months, its net income increased by a handsome 30% year over year.

Descartes stock has rallied more than 35% so far in 2020. Though its recent performance looks shorter against peer TSX tech stocks, Descartes looks to be trading at a premium.

However, the company looks fundamentally strong and offers attractive long-term growth prospects. It offers a broader portfolio of services in logistics and supply chain domains compared to peers. Descartes might see higher-than-usual demand in the short term, as business activities resume after months-long lockdowns.

Lightspeed

On the similar lines of Shopify, **Lightspeed** ([TSX:LSPD](#)) supports small- and medium-sized businesses to strengthen their digital presence. Lightspeed stock is also trading at a premium valuation, but it is relatively cheaper compared to SHOP.

Lightspeed stock has soared more than 230% since its record lows in March. It was one of the worst-hit stocks during the epic COVID-19 crash due to its significant exposure to retail and restaurant customers. However, it has notably outperformed in the subsequent broad market recovery as economies re-open gradually.

Lightspeed's cloud-based platforms offer end-to-end services from inventory and employee management to payments and analytics. It generates almost 90% of revenues from subscription-based services, which provides visibility.

Its gross transaction volume, which indicates dollar value processed through Lightspeed's platform, grew by 74% in the last reported quarter year over year. Its revenues for the fiscal year 2020 came in at \$121 million, representing an increase of 56% compared to 2019. Lightspeed's one-stop solutions in a large addressable market could bring significant growth in the next few years.

These three TSX tech stocks are currently trading at a premium valuation and could exhibit excessive volatility. However, they offer [superior growth potential](#) and could notably outperform broader markets at the same time.

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1. Investing
2. Stocks for Beginners
3. Tech Stocks

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TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. NYSE:SHOP (Shopify Inc.)

3. TSX:DSG (The Descartes Systems Group Inc)
4. TSX:LSPD (Lightspeed Commerce)
5. TSX:SHOP (Shopify Inc.)

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