Got $3,000? These 3 Stocks Could Deliver Explosive Gains!

Description

Imagine investing $3,000 in **Amazon** 20 years back. You would have returned $236,000 over the course of two decades. Similarly, a $3,000 investment in **Netflix** 10 years back would be worth $96,000 and the same investment in **Shopify** would have ballooned to $86,100 in five years.

Investing in growth stocks that are rapidly expanding their top-line can generate enormous gains over time. Technology stocks have the potential to generate explosive gains as their businesses are easily scalable with minimal investment in capital expenditure.

However, while one might argue that tech companies spend heavily on research and development, their high gross margins enable them to increase profitability at a fast pace too.

Here's why companies such as **Kinaxis** (TSX:KXS), **Docebo** (TSX:DCBO) and **Huya** (NYSE:HUYA) are top stocks for investors seeking multifold returns.

A SaaS-based Canadian giant

Shares of Kinaxis are trading at $195 and are up 90% year to date. Kinaxis is an enterprise-facing cloud-based SaaS (software-as-a-service) solutions provider. It aims to manage volatility in the supply chain process and its solutions are extremely critical at a time when the ongoing pandemic is wreaking havoc on operational efficiencies at the global level.

Kinaxis stock went public back in 2014 and has returned a staggering 1,400% in just over six years. It is now valued at $5.2 billion, or 24 times 2020 sales. The stock is also trading at a forward price to earnings multiple of 168, making it really expensive in this uncertain environment.

However, investors should know that growth stocks tend to trade at a premium and it is impossible to time the markets. You can instead view every dip as a major buying opportunity in Kinaxis and benefit from long-term gains.

An e-learning platform

The second company to keep an eye on is Docebo. The e-learning company went public last year and has already gained close to 200% in nine months. Docebo provides e-learning solutions to enterprises and recently transitioned to a SaaS-based model.

A subscription-based business helps the business generate a steady stream of recurring revenue across economic cycles, thereby offsetting any macro volatility. Docebo ended Q1 with 1,930 clients and recurring sales of 90%. Its recurring sales grew 69% yea -over year and the company has increased sales by 50% in each of the last three reported quarters.

Docebo provides specialized training to employees across industries and its cloud-based platform help to centralize the learning experience. The company also leverages artificial intelligence capabilities to provide a customized user experience.

Docebo generates 100% of sales from North America and Europe, giving it enough room to expand into the emerging markets in Asia and other regions.

An online streaming giant

China's Huya is a game streaming platform similar to Amazon's Twitch. China is the largest gaming market in the world and the e-sports streaming segment is just starting to gain pace. Huya stock went public at a price of $12 per share in May 2018 and is currently trading at $23.8.

Huya generates a significant portion of sales from live streaming, allowing viewers to buy virtual gifts to their favourite streamers while the rest is derived from ad sales. Huya's total sales were up 113% in 2018 and 80% in 2019. Analysts expect sales to grow by 34% in 2020 to $1.6 billion.

In early 2020, **Tencent,** the world's largest gaming company, increased its stake in Huya from 34.6% to 50.1%. This could easily help Huya gain traction in a fast-growing gaming market.

Huya is also grossly undervalued at its current price given its estimated five-year PEG ratio of 0.2, making it a top pick right now.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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2. TSX:DCBO (Docebo Inc.)
3. TSX:KXS (Kinaxis Inc.)

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