Millennials: 3 Risky Growth Stocks Still Worth Buying Now

Description

Young investors like millennials should seek to take risks while they still have the ability to do so. If you want a shot at outsized returns over the long term, you've got to be able to bear greater downside risk and excessive amounts of volatility.

This piece will have a look at three risky high-growth stocks that millennials should stash in their TFSAs for decades at a time. While steep losses could come before multi-bagger gains, it's vital for millennial investors to stay the course should they choose to invest in any of the following names, because it could take years, if not decades, for the following firms' growth stories to unfold.

Without further ado, consider getting skin in the game in the following TSX growth stars if you consider yourself a fearless millennial investor who's hungry for growth. The valuations on some of the following names may be suspect, but I still think it's worth nibbling into a starter position, as you look to add to your position should a pullback come before a further price surge.

Docebo

Docebo (TSX:DCBO) is a little-known SaaS company that's taking the niche learning management system (LMS) by storm amid this pandemic.

The stock rocketed 10.2% on Thursday, bringing shares up over 350% from their March lows. Despite being one of the hottest AI stocks in Canada, the company still isn't a household name. If Docebo stock continues on this trajectory, though, it could easily become one.

In many prior pieces, I've pounded the table on Docebo, noting that the stock was trading at a discount relative to many of its less-lucrative SaaS peers.

Today, shares trade at a lofty 20.7 times sales, which is more in line with many of its high-flying cloud peers. Still, given the magnitude of pandemic tailwinds, I'd say the stock could easily be headed much higher from here, as investors begin to recognize the growth to be had behind the value-adding platform amid the continued work-from-home shift.

Lightspeed POS

Lightspeed POS (TSX:LSPD) is another Canadian tech stock that's been defying the laws of gravity over the past several months, with shares now up 250% from its March lows. Unlike Docebo, which constantly makes new all-time highs, Lightspeed stock is still off 15% from its 2019 all-time high.

The commerce-enabling software developer helps small- and medium-sized businesses (SMBs) obtain a powerful omnichannel presence. Although the pandemic has pressured many of Lightspeed's small customers in the hard-hit restaurant and retail industries, it's worth noting that a majority of the damage has yet to spread over to Lightspeed, which has proven itself more resilient than most initially thought back in early March.

Lightspeed stock trades at 20.2 times sales now and is no longer the steal it was just a few months ago. But given the firm is still in the early innings of its growth story, I'd say it can't hurt to get a bit of skin in the game, as you look to build your position on dips that could happen if we're due for a second wave of COVID-19 cases in fall.

Fire & Flower Holdings

If you're one of many value-focused millennials reluctant to buy a stock that trades at north of 20 times sales, **Fire & Flower Holdings** (TSX:FAF) may be more your cup of tea. The budding retailer, I believe, is in a position to take over the cannabis retail scene over the next decade. Fire & Flower is up over 210% since March, but shares still trade at a mere 2.5 times sales.

Convenience store kingpin **Alimentation Couche-Tard** recently upped its stake in Fire & Flower to 15%, and if there's evidence of success with the Couche-Flower co-location pilot project that was recently launched in Alberta, count me as unsurprised if Couche-Tard looks to up its stake further, potentially gobbling up the whole company at some point down the road.

Couche-Tard's vested interest in Fire & Flower grants it access to some very deep pockets and some invaluable retail expertise, both of which, I believe, will propel FAF stock much higher from here. Given the growth potential, the undervaluation in the $160 million pot retailer could have the potential to be profound. Remember, Couche-Tard is a value-focused retailer who won't invest, unless there's a good chance of substantial value creation.

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2. TSX:FAF (Fire & Flower)
3. TSX:LSPD (Lightspeed Commerce)

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