



Lightspeed POS (TSX:LSPD) Is Up 300% Since March — Why the Tech Stock Is Still a Buy

Description

While major U.S. indices continue [blasting above pre-pandemic highs](#), the tech-light **TSX Index** is still off considerably (nearly 8% at the time of writing) from its all-time highs.

Indeed, it seems as though value-heavy indices have been left behind amid the latest relief rally. While value will have its day to shine once this pandemic ends, Canadian investors with portfolios that have yet to recover from the coronavirus crash fully ought to [think about rebalancing](#) at this juncture to achieve better sector-wide diversification.

If you've underperformed the **S&P 500** or even the TSX Index, odds are your portfolio isn't properly diversified. You may be lacking in pandemic-resilient tech names, which are a vital nutrient amid this pandemic.

Tech stocks are pricy, but is it too late to get in?

While valuations across some of the biggest tech winners are a tad on the frothy side, it's worthwhile to get your portfolio's sector diversification in order. You see, there's no telling when this pandemic will end. The longer it drags on, the more room the seemingly expensive "growthy" tech stocks have to run relative to their value counterparts.

Now, I have no idea how much longer the tech-driven rally will last. But I want to shoot down any "tech bubble" concerns, as the sector as a whole is not as ridiculous as it was in the lead-up to the 2000 dot-com bust. There are pockets of severe overvaluation within the tech sector, but as a do-it-yourself stock picker, you can steer clear of such names, as you look to correct your underweighting to the tech sector.

The TSX Index is light on tech, and while you could venture south of the border for your tech fix, I'd encourage you to check out some of the lesser-known pandemic-resilient tech plays on this side of the border as well.

Lightspeed stock is white-hot, but it could get hotter as it looks to breakout past all-time highs

Consider shares of **Lightspeed POS** ([TSX:LSPD](#)), a relatively affordable tech stock that's in a position to continue growing through this pandemic.

Back in February and March, almost every investor seemed to have given up on the Canadian commerce-enabling tech sensation. The stock shed over 70% of its value in just a few weeks time. That's excessive volatility that likely enticed all investors but the ones with conviction. In the trough, I pounded the table on shares of Lightspeed POS, noting that the stock had no business imploding as it did given it had an e-commerce solution that could act as an on ramp for many of its affected small- and mid-sized merchants.

The major concern in the moment of maximum panic was that Lightspeed's clientele would go under at the hands of the COVID-19. Sure, a few of Lightspeed's subscribers may be under profound financial distress, but Lightspeed stock imploded as though it was holding debts to such firms when in reality it just provided relatively low cost monthly services. Such invaluable services that were a lifeline for financially-distressed retailers.

I noted that Lightspeed's growth story rhymed with that of **Shopify**'s and that it made no sense that the stock corrected while Shopify blasted off above and beyond its pre-pandemic heights.

Today, Lightspeed POS stock is up a staggering 300% from its March bottom. Shares are retesting their all-time highs just shy of \$50, and I think the name could have much more room to run, as the company continues picking up traction amid this pandemic. The way I see it, Lightspeed has merely corrected from the damage earlier this year.

As such, the name, I believe, still has a tonne of room to run, as potential COVID-driven quarterly blowouts could propel the name above and beyond its pre-pandemic highs.

Foolish takeaway

Lightspeed's client base has demonstrated greater resilience than most thought — a green-light to buy shares, which, while hot, are still cheap compared to most other pandemic-resilient tech winners out there. If your portfolio is light on tech, look no further than the name.

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