



## Is Shopify the Best High-Growth Stock on the TSX?

### Description

This year markets have had some of the highest volatility in recent memory. There was the massive selloff when the coronavirus pandemic caught investors off guard. Then rather quickly, markets rallied back, led by **TSX** stocks such as **Shopify Inc** ([TSX:SHOP](#))([NYSE:SHOP](#)).

After the initial shock of a pandemic reaching our borders, investors quickly learned which stocks would be most impacted both positively and negatively. That's when we saw tech stocks like Shopify start to break out to the upside.

From the bottom in March up until last week, Shopify had gained more than 200%. So while the stock is pulling back momentarily, this may be a huge opportunity to gain some exposure, because long term, there looks to be no slowing down.

The stock bottomed a few days before the rest of the market in March. This shows investors were trying to get ahead of the recovery, buying stocks like Shopify they knew would be benefiting from lockdowns.

### Why Shopify has outperformed

Shopify's goal is to make e-commerce better for every party involved, which means it's easier and more practical for merchants as well as a more pleasant experience for consumers.

The company makes money a few main ways. First and foremost, it charges a subscription to merchants. There are several tiers of these services so that Shopify can tailor its services to businesses of all sizes.

In addition, some of the services it offers to merchants really help to make it an easy experience. And what Shopify can do to help its merchants be successful will only help in continuing to grow the number of users subscribing to its services.

Its platform has been huge during the boom of e-commerce. Plus, as would be expected, it got a huge

boost when the coronavirus pandemic hit and forced the shutdown of tonnes of businesses.

Long-term, this trend will continue as e-commerce becomes more popular, so all the pandemic is done is to get more merchants online quicker.

## Shopify's performance

One of the main reasons Shopify has been such a high-quality stock is its consistent performance. Most importantly, the company's sales growth has been exceptional.

For the full year in 2019, Shopify did roughly \$1.6 billion in revenue. That's extremely high given that it's more than double what it did in 2017 and more than four times as much as its revenue in 2016.

Plus, that was before the pandemic hit. This year, in the second quarter, sales were just shy of doubling from the same quarter last year. Even the first quarter, which saw only a few weeks of the pandemic, had revenue growth that was roughly 50% higher than the first quarter in 2019.

This revenue growth is expected to continue both during the recession as well as after it's over. That's the main reason why the stock has performed so well.

In the last five years, Shopify's stock has increased roughly 3,420%. Just this year since the pandemic, it's already up more than 150%.

The massive run it's had, though, could be what's weighing it down in the short-term as the stock has been flat for a few months now.

However, this could be the perfect opportunity to gain some exposure before the stock inevitably continues its rapid climb.

## Are there other top TSX stocks like Shopify?

If you already own Shopify and want to add high-potential stocks like it, you could consider other e-commerce tech stocks that are similar.

However, if you want some diversification away from e-commerce, I'd recommend a high-potential [growth stock](#) like **Drone Delivery Canada Corp.**

Drone Delivery Canada may have a longer timeline for growth; however, at a market cap of just \$135 million, the potential is massive. Drone delivery in retail is the future, especially as more businesses go online thanks to stocks like Shopify.

However, Drone Delivery Canada is developing drones for much more than just retail, with applications for industrial, energy, mining, and the healthcare industry. The sky's the limit making it a top growth stock to buy today.

## Bottom line

It's important to find high-potential stocks like Shopify that you can [hold for decades](#). These stocks can have huge impacts on your investment portfolio, which is why it's crucial to buy them as early and cheap as possible.

### CATEGORY

1. Coronavirus
2. Investing

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1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

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