



Forget Snowflake: Buy These 2 Canadian IPOs Instead

Description

The **Snowflake** IPO hype is nothing short of [unprecedented](#). With Warren Buffett giving his stamp of approval on the white-hot new issues, many investors were lining up to get a piece of the tech sensation in spite of the recent September spike in volatility and weakness in tech stocks. As one of Buffett's first forays into the IPO scene after decades of steering clear of such hype, there's no question that the valuation on Snowflake has likely overshot to the upside. The new issue more than doubled on its trading debut.

As you may know, massive IPO busts tend to follow initial booms. And in the case of Snowflake stock, I think IPO investors late to the party could be dealt with amplified downside, especially given we're in the midst of a [tech-driven sell-off](#).

Like the Buffett of old, I've never been a huge fan of IPO investing because the risks of being caught holding the bag are just too high. I like to wait for the dust to settle on white-hot IPOs before considering initiating a position. As Snowflake falls back to Earth, patient investors may have a chance to get somewhat decent entry points into the Buffett-approved name. If you're one of many investors who's hungry to get your IPO fix right now, though, there are far better deals on this side of the border.

Nuvei

Canada's IPO scene has been heating up lately, with digital payment processing play **Nuvei** ([TSX:NVEI](#)) landing on the **TSX Index**, rocketing over 55% in its debut. While Nuvei is no Snowflake, I do think it's a far less dangerous IPO versus Snowflake, whose valuation is unfathomably expensive after one of the most impressive market debuts in recent memory.

Fellow Fool contributor Jed Lloren believes that Nuvei has millionaire-maker potential, but thinks investors should stick on the sidelines because of a potential IPO bust that could quickly follow its opening day boom. While I wouldn't go as far as to call Nuvei a millionaire-maker (unless you put forth a massive six-figure principal), it's a good idea for most beginner investors to wait for a better entry point, as this IPO season has been insanely hot, likely too hot for most to handle.

That said, fearless young investors keen on grabbing a hot IPO this season may want to consider nibbling on the way down, as the hype has a chance to die down amid this market-wide tech-driven correction.

Dye & Durham

Dye & Durham ([TSX:DND](#)) is another successful Canadian IPO that looks to be a far better value than the likes of a Snowflake. Shares recently plunged 17% amid the broader sell-off in growth tech names. I view this pullback as a buying opportunity for growth investors looking to initiate a starter position.

For those unfamiliar with the name, it's a cloud player that provides efficiency and productivity solutions for its growing base of clientele.

As I wrote in a prior piece, Dye & Durham was likely to follow in the footsteps of its value-adding cloud peers, as the firm looked to make a name for itself in its niche market.

"Many prospective clients will quickly realize over the years that Dye & Durham's product is capable of saving considerable amounts of cash. Sooner or later, the platform may become indispensable for the players within the markets that Dye & Durham serves, much like **Shopify** is now a *must* for small businesses that need to get an online store up and running in the shortest amount of time possible." I said in a [prior piece](#).

What makes Dye & Durham sweeter than most other recent IPOs is its relatively modest 15.7 price-to-sales (P/S) multiple. Many cloud stocks sport P/S multiples in the clouds, above and beyond the 20x mark. I think DND stock deserves to trade in the middle of the pack and find it undervalued on a relative basis.

CATEGORY

1. Coronavirus
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:SNOW (Snowflake Inc.)
2. TSX:DND (Dye & Durham Limited)
3. TSX:NVEI (Nuvei Corporation)

PARTNER-FEEDS

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