



## A Top Tech Stock for a Fearless Millennial's TFSA

### Description

Millennial Tax-Free Savings Account (TFSA) investors should take advantage of the fact that they have a greater ability to take on [risks](#) versus their parents. With a multi-decade long investment horizon, such investors can take a 50% loss and stick around long enough to ride the [recovery](#). There's undoubtedly an absurd amount of volatility that's to be expected when it comes to up-and-coming hyper-growth tech stocks.

Ultra-high betas are not everybody's cup of tea. And if you're a value investor, you're probably turned off by the lofty valuation metrics and how difficult it can be to evaluate a company with fewer years' worth of financials.

### TFSA growth investing 101

As you're probably aware, even the best growth business in the world can't sustain a 50% top-line growth rate. Eventually, the growth rate will fall, and the stock could be in for serious multiple compression as few firms can resist the effects of aging.

Of course, we have exceptions like **Apple**. Still, with many up-and-coming tech firms exhibiting choppy growth numbers all over the place, it's tough to value the said company without conducting a thorough analysis of its growth story.

A sound investment thesis on an early-stage high-growth tech company needs a story to get a better glimpse into the future. Limited financials don't paint the full story, so investors need to evaluate the firm's target market, its management, the product, the long-term plan, and all the sort.

One's thesis will be ever-changing, but as a TFSA investor, it's your job to understand the story to the best of your ability so you can better assign the stock under question an appropriate valuation, regardless of how challenging the task may seem.

And once you've spotted an opportunity to underpay for a stock, don't be afraid to back up the truck with your TFSA funds.

## Don't cross the line between investment and speculation!

While millennials are still young and able to take risks, one should never seek to speculate by paying whatever Mr. Market asks of you at any given instance. Playing the game of greater fools can end in tears. As such, millennials should do their best to evaluate a company and buy it when they think Mr. Market has slapped on a market price on a stock that you believe is substantially below your estimate of its intrinsic (or relative) value.

Consider shares of **Docebo** ([TSX:DCBO](#)), a white-hot stock that has continued surging higher in the face of a worsening pandemic. The lesser-known tech mid-cap has carved out a nice position in its niche markets of interest and has formed a pretty wide moat around their existing subscribers through a compelling cloud-based software offering.

## Docebo: Growing alongside a booming niche market

Docebo is a Learning Management System (LMS) software developer that's skyrocketed amid the coronavirus recession. Just last year, few folks have ever heard of the niche LMS market. Today, with work forces scrambling to build up their work-from-home infrastructure to avoid the loss of productivity amid intermittent shutdowns, Docebo is making a name for itself.

Over the past year, the company has won over a tonne of big-league clients. The company is among the best at what it does, and with technologies that leverage the power of Artificial Intelligence (AI), the firm has one of the wider moats out there versus most other mid-caps on the **TSX Index**.

As this pandemic concludes, we're likely to have a work-from-anywhere (WFA) type of environment, which still calls for an increased appetite in WFH plays like Docebo's LMS platform. Despite more than quadrupling off its March lows — a time I urged investors to buy the battered name — the name is worthy of nibbling for young investors who are willing to hang on for the long haul.

## Foolish takeaway

Docebo's growth story is not only compelling, but it's just getting started. In a decade's time, count me as unsurprised if Docebo becomes a dominant force in an LMS market that's vital to the digitization of work and school.

### CATEGORY

1. Stocks for Beginners
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:DCBO (Docebo Inc.)

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## **Date**

2025/08/02

## **Date Created**

2020/10/09

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