



3 Top TSX Growth Stocks to Buy in October 2020

Description

Technology stocks have soared this year due to the COVID-19 pandemic. E-commerce has grown rapidly as consumers opt to shop online versus in stores. E-commerce hasn't been the only sector within technology benefiting from the health crisis.

Whether the company sells computers or software, investors have moved much of their savings into technology growth stocks. The trend may be waning, but there are still some top technology stocks to buy on the **Toronto Stock Exchange**.

Here are three top TSX growth stocks to buy in October 2020 for your Tax-Free Savings Account or Registered Retirement Savings Plan.

Shopify: A popular TSX e-commerce company

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) rose from a 52-week low of \$372.01 to a 52-week high of \$1,502.00 during the March 2020 market sell-off. At the time of writing, the stock is trading for \$1,438.68 per share.

Shopify's levered free cash flow is a positive \$80.16 million. Levered free cash flow growth is a good way to predict whether or not a stock's price will rise or fall. Nevertheless, there are other factors to consider.

Shopify still reports negative diluted earnings per share equal to -\$0.58. Moreover, the company's profit and operating margins are still negative at -3.24% and -4.27%, respectively. The company needs to boost its margins to truly earn its current market valuation.

Even worse: return on equity (ROE) and return on assets (ROA) are both negative as well. The company reports a ROE of -1.99% and a ROA of -1.47%. Investors are spending a lot of money to own shares in a company that hasn't yet proven its worth.

Still, Shopify is one of the most popular Canadian technology stocks today, making it one of the top

growth stocks to buy in October 2020.

Kinaxis: A number one growth stock for your TFSA or RRSP

Kinaxis ([TSX:KXS](#)) rose from a 52-week low of \$79.31 to a 52-week high of \$224.98 during the March 2020 market sell-off. At the time of writing, the stock is trading for \$201.84 per share.

Kinaxis also reports a positive levered free cash flow (FCF) of \$52.25 million. While this supply chain management software company reports a levered FCF of just \$27.91 million less than Shopify, its market capitalization is only \$54.2 billion. By comparison, Shopify's market capitalization has ballooned to \$175.343 billion.

Kinaxis might be the better growth stock to buy in October 2020. Unlike Shopify, Kinaxis reports positive margins, ROE, and ROA. Kinaxis offers investors a profit margin of 12.39% and a ROE of 11.52%. In other words, Kinaxis has proven that it can and will return value to shareholders.

Docebo: A risky software-as-a-service investment

Docebo ([TSX:DCBO](#)) rose from a 52-week low of \$10.30 to a 52-week high of \$58.83 during the March 2020 market sell-off. At the time of writing, the stock is trading for \$50.16 per share.

Docebo might be the [riskiest bet](#) out of these three top TSX growth stocks to buy for October 2020. Levered FCF is still negative at -\$4.56 million. Surprisingly, the company's profit margin is almost a negative 20%.

Likewise, shareholders shouldn't expect a positive return on equity anytime soon. Docebo currently reports a return on equity of -162.28% according to *Yahoo Finance*.

It is a good idea to keep a good mix of value, income, and growth stocks in your retirement portfolio. Nevertheless, technology stocks are still expensive after the COVID-19 pandemic resulted in overinvestment in technology.

Before you invest in any technology stocks, make sure you are investing in companies that will return [long-term value](#) to you as a shareholder.

CATEGORY

1. Coronavirus
2. Investing
3. Stocks for Beginners
4. Tech Stocks

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:DCBO (Docebo Inc.)
3. TSX:KXS (Kinaxis Inc.)
4. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Coronavirus
2. Investing
3. Stocks for Beginners
4. Tech Stocks

Date

2025/08/26

Date Created

2020/10/13

Author

debraray

default watermark

default watermark