



1 Top Stock to Buy When the Market Crashes

Description

A market crash is something that scares many current and potential investors. One of the big questions that arises is what to do when the market crashes. Some insist on waiting for the market crash so that they can get a better deal on companies. However, many of these people also stay out of the market during a crash because of fears of even further declines.

It has been shown that staying invested in good companies over the long term will outperform portfolios that try to trade around market events. With that in mind, the strategy that I have employed is to invest in growth companies during a crash. Growth companies are often the hardest hit during those kinds of events. However, the excellent prices that arise often lead to market outperformance exiting the crash.

In this article, I will provide one company that I think Canadian investors should keep an eye on during the next market crash.

This company still has a long growth runway ahead

In the event of a market crash, investors should watch be watching **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). While it may be a “safe” answer to the question, it is without a doubt a great answer. Looking at the crash caused by the outset of the COVID-19 pandemic, Shopify stock saw a decrease of about 36%. This brought the company’s stock price to levels last seen in October 2019.

However, since hitting its bottom during that time, Shopify stock has gone parabolic. The stock increased about 225% from trough to peak. Currently, the stock trades about 5% from its all-time highs. At a market cap of \$170 billion, many investors are wondering if it is too late to start a position in the company.

A crash of 20% should be welcomed by those that do not have positions in Shopify, as it would bring the company’s market cap below \$140 billion. Since mid-July, Shopify stock has been bouncing around the \$1,400-mark, which suggests that investors may see its current fair value around those levels. If the stock falls with the broader market, a case can be made to say that Shopify will return to its current

levels.

What is next for the company?

Shopify has seen extraordinary growth [since its IPO](#). However, the company believes that we are still very much in the [early days](#) of the e-commerce industry. If the industry continues to grow, as the company projects, and Shopify can remain a leader in the space, then investors should not worry about being late to the party.

Shopify continues to innovate and contribute to the adoption of online commerce. Its Shop Pay offering is becoming increasingly integrated by large companies. The company has developed new partnerships with the likes of **Facebook** and **Walmart** this year and has stood by business owners during a very tumultuous time.

Foolish takeaway

Shopify is not only a greatly run business, it is a leader in an emerging industry. I believe investors should consider entering the company during the next market crash. It should provide an excellent entry point for those that are interested.

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