2 Growth Stocks That Could Skyrocket Into the Stratosphere Post-COVID

Description

Growth has taken a backseat to COVID-19 recovery plays over the last few months. While the growth-to-value rotation may be warranted, given clarity on the newfound on the vaccine timeline, I don't think the top-tier Canadian growth stocks will be kept down for very long. As such, I'd encourage younger, growth-savvy investors like millennials to consider initiating a quarter position (buy a fourth of a full position now with the intention of buying more down the road) while the growth darlings are under pressure.

Will the growth-to-value rotation continue to be the theme through 2021?

I don't think so. While many early stage growth companies that have benefited from the pandemic could see such pandemic tailwinds fade over the coming months, as the masses are inoculated, I think that the recent selling pressures are overblown when it comes to certain stocks that view the pandemic as more of a sustained growth accelerant than a mere pull-forward in demand.

The supply chain is a complicated beast that probably won't be made any less complicated in the post-COVID world

When it comes to toilet paper, there's an obvious pull-forward in demand that will follow a "hangover" period that sees lower demand as consumers go through their stockpiles. When it comes to top SaaS (software-as-a-service) companies like supply-chain management software developer **Kinaxis** (TSX:KXS), which is just starting to make a name for itself, I think incredible growth numbers can be sustained in a post-pandemic environment, as clients continue to spread the word about the true value of incorporating such cost-saving platforms.

For many firms, the value added from adopting a platform like Kinaxis can far outweigh the costs. The same could be said for the numerous SaaS firms with their sights set on a niche market. Unlike most other U.S.-traded SaaS firms, though, Kinaxis trades at a reasonable multiple following its latest decline (Kinaxis stock is currently down 17% from its high and 15% since the start of November).

At the time of writing, Kinaxis trades at 17.3 times sales, which is considerably lower than most other SaaS companies that have been hogging a majority of the limelight. On its own, Kinaxis looks expensive. But on a relative basis (relative to the industry average and the firm's growth prospects), the stock looks way too undervalued as far as SaaS plays are concerned.

The COVID-19 pandemic may have wreaked havoc on the supply chains of companies. As things return to normal, I don't think investors should expect supply/demand imbalances to suddenly return to normal. We could be in for the exhaustion of pent-up demand, and that could leave many supply chains at risk of being unprepared on the supply side. If anything, a post-pandemic spending boom bodes well for a name like Kinaxis.

Remote work isn't going anywhere

Another tech darling and pandemic beneficiary that will keep on winning in a post-COVID world is Learning Management System (LMS) play **Docebo** (TSX:DCBO).

The COVID pandemic has forced many workforces to operate from home. Investments in work-from-home (WFH) infrastructure have surged. Many firms are discovering that it is possible to have employees work from anywhere without experiencing a significant productivity decline. With daily commutes taken out of the equation, many employees are putting in the extra hours, which may have a net positive effect for firms.

Once this pandemic ends, the WFH (or work-from-anywhere) trend isn't going to go away. If anything, the pandemic has accelerated the secular shift, and remote working plays like Docebo are in a position to continue winning for years to come.

Some brilliant people, including Bill Gates, think that the remote work is here to stay and that it could leave a long-lasting dent in business travel demand. I'm inclined to agree and think that a remote work play like Docebo is a buy on its latest dip. At 26 times sales, Docebo stock is expensive. But I think it's well worth the high price of admission and wouldn't at all be surprised to witness further multiple expansion on the other side of this pandemic.

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TICKERS GLOBAL

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2. TSX:KXS (Kinaxis Inc.)

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