



These 3 Hot Stocks Exploded in 2020: Is There More Upside in 2021?

Description

As equities witnessed a massive run-up since the March selloff, a handful of TSX-listed stocks delivered exceptional gains and have more than doubled in 2020. While the stellar recovery in stocks raises valuation concerns, I believe the economic recovery and vaccine distribution in 2021 could continue to support the uptrend in fundamentally strong stocks.

Let's dive deeper into three TSX stocks that have delivered exceptional returns in 2020 and could continue to outperform the broader markets in 2021.

Docebo

With a year-to-date return of over 268%, **Docebo** ([TSX:DCBO](#))([NASDAQ:DCBO](#)) outperformed the broader markets as well as its tech peers by a wide margin. The strong demand for cloud-based enterprise learning platform amid the pandemic led the company to deliver exceptional sales growth, which drove its stock higher.

I believe the growing emphasis on enterprise e-learning solutions and its increasing client base suggests that the rally in its stock is likely to be sustained in 2021. Meanwhile, more than three-fourths of its enterprise customers chose multi-year contracts.

Docebo's average contract value has risen by [2.8 times](#) since 2016. Meanwhile, its recurring subscription revenue is growing at high double digits. With increasing deal size, customer growth, and improving efficiency, the company is heading toward profitability in the future, supporting the uptrend in its stock.

Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) stock has surged over 163% in 2020, thanks to the growing online activity. I believe the structural shift towards e-commerce platform has provided a multi-year growth opportunity for Shopify and is likely to drive traffic on its platform, even in the post-pandemic world.

Besides secular industry tailwinds, Shopify is expected to benefit from the expansion of its sales channels and the growing adoption of its high-margin products.

With an expected increase in e-commerce spending, growing demand for its margin-accretive offerings, and strong competitive positioning, Shopify stock could continue to deliver strong returns in 2021 as well.

Lightspeed POS

Like Shopify, **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) benefits significantly from the rapid shift in the online selling models. As an increased number of small- and medium-sized businesses are transitioning away from the legacy payment platform to the omnichannel platform, Lightspeed is witnessing increased demand for its digital offerings and is expected to deliver strong growth in the coming years.

Besides favourable industry trends, Lightspeed's geographic expansion and up-selling of higher-margin products are expected to drive its average revenue per user and its margins. Meanwhile, its ability to acquire accretive businesses is likely to accelerate its growth further.

I maintain a [bullish stance on Lightspeed](#) stock irrespective of its high valuation and growing competitive activity. Lightspeed's focus on innovation, a thriving customer base, and a large addressable market are likely to push its stock higher.

Notably, Lightspeed stock has risen more than seven times from its March lows. Meanwhile, it is up about 106% year to date.

Final thoughts

These companies have multiple growth catalysts that could continue to fuel growth in their stocks in 2021 and beyond. Meanwhile, a \$30,000 investment distributed equally in these three stocks at the beginning of this year would now be worth \$83,757.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. NYSE:LSPD (Lightspeed Commerce)

3. NYSE:SHOP (Shopify Inc.)
4. TSX:DCBO (Docebo Inc.)
5. TSX:LSPD (Lightspeed Commerce)
6. TSX:SHOP (Shopify Inc.)

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