2021 Top Tech Companies: 2 Growth Stocks to Buy Right Now!

Description

Tech stocks soared through 2020 even though a global pandemic wreaked havoc across the globe. We're just two weeks into 2021 and it doesn't look like the growth of tech stocks is slowing down just yet.

In 2020, the tech-heavy **Nasdaq Composite Index** was up an unbelievable 40%. Compare that to the **S&P 500 Index**, which was up just 15%.

A gain of 15% is still strong, as it's higher than the yearly average for the U.S. stock market. But it's clear that tech stocks stole the show in 2020.

Are we in a tech bubble?

The growth of tech stocks might be soaring, but so are valuations. Are we living in a bubble that's about burst?

Whether we're in a bubble or not, the valuation of some of the high-flying tech stocks cannot be ignored.

Canada's largest company, **Shopify** (TSX:SHOP)(NYSE:SHOP), is trading at a ridiculous valuation today. The $180 billion company is trading at a price-to-sales (P/S) ratio of 70.

While I'm as just bullish as the next Canadian investor on Shopify stock, I'm aware of the risks that come along with that type of valuation. But if you're looking to outperform the market by picking individual stocks, you're going to need some growth in your portfolio.

Here are two top Canadian growth stocks to add to your portfolio in 2021.

Growth stock #1: Shopify

Yes, valuation is incredibly high, but Shopify will not be a cheap stock any time soon. It's been richly valued since it became a public company as the growth expectations continue to be very high.

Shopify has posted back-to-back quarters of 100% growth in year-over-year revenue. A P/S ratio of 70 might be high, but when a $185 billion company is growing year-over-year revenue at a growth rate of 100%, the valuation to me is definitely warranted.

The e-commerce industry has experienced a huge lift during this pandemic. Consumers are shopping online now more than ever, which led to Shopify's two most recent blowout quarters.

Over the past five years, Shopify has been one of the top **TSX** stocks for Canadians to have owned. The tech giant has delivered growth of more than 5,000% to shareholders. Growth has noticeably slowed as of late, though, as the tech stock was up 175% in 2020.

Will Shopify grow another 5,000% over the next five years? Probably not. But this is one of my highest conviction stocks to be able to outperform the Canadian market over the next five years.

Shopify will be reporting it's 2020 Q4 earnings in early February. I'm excited to see if the growth stock can top back-to-back quarters of 100% revenue growth.

Growth stock #2: Docebo

Docebo (TSX:DCBO)(NASDAQ:DCBO) might not trade at a P/S ratio of 70, but it's not far behind. The growth stock trades at a very frothy P/S ratio of 40 today.

The tech company also saw a massive rise in demand during the COVID-19 pandemic. As many workers across the country packed up their shared office space to set-up a home office, company's became that much more dependent on Docebo's technology.

The tech company specializes in building cloud-based training platforms for customers across the globe. Powered by artificial intelligence, the platform is designed to create a personalized learning experience for each individual user.

Since becoming a public company in October of 2019, shares are now up more than 400%.

If you believe that the work-from-home environment is here to stay, this is one growth stock you'll want to have in your portfolio.

Foolish bottom line

There's no questioning the growth potential of both of these tech stocks. The reason why you need to invest with caution is due to the high valuation.

There's nothing wrong with owning growth stocks trading at prices this high. Without companies like these, it will be very hard to outperform the Canadian market.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. DCBO
2. Docebo
3. docebo stock
4. growth investing
5. growth stocks
6. SHOP
7. Shopify
8. Shopify Stock
9. tech stocks
10. technology

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:DCBO (Docebo 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. Investing
2. Tech Stocks

Tags

1. DCBO
2. Docebo
3. docebo stock
4. growth investing
5. growth stocks
6. SHOP
7. Shopify
8. Shopify Stock

9. tech stocks
10. technology

Date
2025/07/01
Date Created
2021/01/15
Author
ndobroruka