



Got \$3,000? 3 Top Growth Stocks to Buy in 2021

Description

Growth stocks in the tech sector led the way in 2020. Not even a pandemic could stop many tech companies from soaring to all-time highs last year.

Heading in 2021, it's anybody's guess as to how the stock market will fare. We had a global pandemic for most of the year in 2020, and the **S&P/TSX Composite Index** still managed to finish the year positive.

We very well could see a significant pullback this year, especially after the run that many growth stocks had in 2020. If that's the case, I've put together a list of three Canadian companies that are at the top of my watchlist right now.

Valuations are high, so I'm a bit hesitant to add at these prices. But if we do see a market pullback, I'll be ready to pull the trigger on these growth stocks .

Growth stock #1: Lightspeed POS

One of the [hottest growth stocks](#) on the **TSX** today is **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)). The growth stock is up more than 300% since its IPO in March 2019. More than 100% of that growth has come over the past six months.

The Montreal-headquartered company posted its 2021 [third-quarter earnings](#) earlier this month. From my perspective, all signs point to continued market-beating growth for Lightspeed. The market's initial reaction to the results was not particularly positive, but my theory is that a lot of satisfied shareholders were taking profits after an incredible bull run.

Even after a slight pullback following the company's recent earnings report, the growth stock is just about back to trading at all-time highs. Pair that with a valuation of a price-to-sales (P/S) ratio of 60, a future pullback in price should not surprise any investors.

If Canadians are fortunate enough to see Lightspeed experience a temporary drop in price, you'll want to back up the truck on this growth stock. I know I'll be adding to my position if the opportunity strikes.

Growth stock #2: Dye & Durham

The company itself may be more than a century old, but **Dye & Durham** ([TSX:DND](#)) only joined the public market in July 2020. Since then, shares are up an impressive 225%.

The growth stock has carved out a very lucrative niche for itself. Dye & Durham's cloud-based platforms are targeted primarily to legal and government institutions to help improve the process of handling legal documents.

It might not be the most exciting market, but Dye & Durham is making sure that it's maintaining a market-leading position. Management has implemented a very aggressive acquisition strategy to help keep the revenue growth soaring.

Once again, valuation here cannot be ignored. The company trades at a P/S ratio of 40 and is trading at close to all-time highs today.

If you're looking for a sneaky under-the-radar growth stock, Dye & Durham is in a prime position to be a market beater for many years.

Growth stock #3: Shopify

You can't not mention **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) when discussing top growth stocks in Canada.

Over the past five years, shares are up more than 6,000%. Growth has understandably slowed over the past couple of years, but the growth story is far from over for this e-commerce giant.

Growth may have slowed, but shares of Shopify are still up more than 150% over the past year. In comparison, the **S&P/TSX Composite Index** is barely positive.

In 2020, Shopify managed to post back-to-back quarters of revenue growth just shy of 100%. The monster growth was largely driven by the COVID-19 pandemic as consumers were shopping online more than ever.

At a P/S ratio now above 75, you won't find many value investors picking up shares of Shopify. But for anyone who's waiting for Shopify to be considered undervalued, you may be waiting awhile. This growth stock has been richly valued ever since it became a publicly traded company in 2015.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

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3. dye and durham stock
4. Editor's Choice
5. growth
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8. lightspeed
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10. LSPD
11. SHOP
12. Shopify
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TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:DND (Dye & Durham Limited)
4. TSX:LSPD (Lightspeed Commerce)
5. TSX:SHOP (Shopify Inc.)

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