



2 Top Growth Stocks to Buy After Monday's Tech Wreck

Description

Monday's trade saw one of the most vicious growth-to-value rotations in quite a while. The value-heavy **TSX Index** and **Dow Jones Industrial Average** hold their own, as the tech- and growth-heavy **NASDAQ 100** imploded, shedding over 2.6% on the day.

In numerous prior pieces, fellow Fool contributor Chris MacDonald warned investors that such a [rotation](#) was a long time coming.

Whether this tech- and growth-driven sell-off will continue is anybody's guess. Should bond yields continue creeping higher (the 10-year Treasury is approaching a one-year high of 1.4%), there's no question that the NASDAQ could be headed for a steeper plunge over the coming weeks and months. Regardless, I would look to start doing at least a little bit of buying here because previous growth-to-value rotations have been pretty short-lived.

The start of a big rotation out of growth stocks?

That's not to say that this rotation isn't the big one, though. There are still many pockets of severe overvaluation in the growth space that I believe have yet to correct themselves.

In this piece, we'll have a look at growth stocks that were unfairly battered in the latest rotation. Such names are backed by real fundamentals and may actually be considered "value" plays in that you'll stand to pay a price that's lower than its estimate of intrinsic value.

Without further ado, consider **Score Media and Gaming** (TSX:SCR) and **Docebo** ([TSX:DCBO](#))([NASDAQ:DCBO](#)), two white-hot **TSX** stocks that may be worth nibbling on following their painful falls of 28% and 25%, respectively. But be warned, each stock could continue to see extreme negative momentum if it turns out that this is the big rotation we've all been waiting for.

Score Media and Gaming: Plunging violently

Score was just a little-known small-cap stock just a few months ago before [exploding onto the scene](#) in November, thanks in part to Canadian legislature that'll give the green light to single-game sports betting. As I described in many prior pieces, Score has a front-row seat to an untapped market that could be worth as much as US\$5.4 billion, according to Score Media's estimates.

As the pandemic drags on, the opportunity at hand could be even larger, making Score a compelling speculative option for fearless investors seeking long-term upside.

With shares pulling back over 16% on Monday, the name is worth nibbling on but be warned; the latest pullback is still dwarfed by the nearly 700% rally since March. Moreover, the stock is still trading at a nosebleed-level valuation at around 100 times sales (that's sales, not earnings).

One of the most expensive “value” stocks you’ll come across

Docebo is an e-learning play that's really starting to make a name for itself amid the rise of the pandemic-fuelled work-from-home (WFH) trend. The company won over many big-league clients last year, and I don't expect the momentum to stop anytime soon.

The company has been posting incredibly strong ARR (annual recurring revenue) growth of late. Such strength is likely to continue on the other side of this pandemic, as demand for remote infrastructure will likely remain robust.

The stock trades at north of 30 times sales at the time of writing. That's pretty expensive, but not as expensive as it could be, given the likelihood that Docebo will continue building upon its strength in 2021. For a software-as-a-service (SaaS) stock that's riding high on pandemic tailwinds, I'd argue that a 30 times sales multiple is actually a low price to pay for DCBO stock, as ridiculous as that may sound to value investors!

Daniel Chan, a five-star analyst at TD Securities, has a street-high price target of \$100 on the stock, implying 62% worth of upside to be had. I think Mr. Chan is right on the money and would encourage investors to initiate a starter position on Docebo on weakness before it has a chance to bounce.

CATEGORY

1. Coronavirus
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3. Stocks for Beginners
4. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. TSX:DCBO (Docebo Inc.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
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