



3 High-Growth TSX Stocks That Tumbled Up to 35% This Week

Description

Investors finally seem to be taking tech stocks' stretched valuations into consideration. Many high-flying TSX stocks tumbled this week after an enormous rally last year and continuing in 2021.

Facedrive (TSXV:FD) stock was among the top losers and has lost 35% this week. Tech titan **Shopify** (TSX:SHOP)(NYSE:SHOP), the biggest Canadian company by market cap, lost almost 15% this week. **Kinaxis** (TSX:KXS) stock also dropped 25% this week.

Let's see whether this drop makes these names attractive for investors.

Facedrive

The ride-sharing company stock Facedrive has surged more than 3,000% since January 2020. Investors' irrational exuberance took the stock from close to \$2 levels in January 2020 to \$60 last month. From those all-time high levels, the stock has halved in the last couple of weeks.

Even after the recent drop, Facedrive stock is extremely overvalued, and further correction can't be totally ruled out. The company has not seen any significant operational nor financial growth to justify such a steep rise.

Facedrive, the "people-and-planet first" company, operates a climate-friendly business model by running EVs and hybrids for its rides. It also has a presence in food delivery, car leasing, and healthcare businesses. It's a loss-making business at the moment, and revenue growth has also not been encouraging.

Thus, its top-line growth for the next few quarters should pave the path for the stock going forward. But at the moment, its valuation indicates a big downside potential in the short to medium term.

Kinaxis

The supply chain software maker stock Kinaxis plunged 17% on Thursday after reporting a loss in the

fourth quarter. Kinaxis is one of the top growth stocks that more than doubled last year. However, its weaker than expected [Q4 earnings](#) weighed on the stock.

Kinaxis reported US \$54.6 million in revenues for the quarter ended December 31, 2020. That was a minor 2% drop year over year. What spooked investors is its unexpected loss. It posted a US \$1.6 million loss for the quarter against a profit of US \$7.8 million in Q4 2019.

The loss could be attributed to a large drop in subscription term license fees, which declined 32% year-over-year. However, the management is confident that the [growth will return in 2022 post-pandemic](#).

KXS stock is currently trading at \$135.5, close to its 10-month lows. The stock will likely feel the pinch of its softer quarterly numbers for the next few trading sessions.

Shopify

Stocks like Shopify are very rare. And that's why investors should not let go of their corrections in vain. Shopify stock has fallen almost 25% from its all-time high and is currently trading at \$1,455. It might reverse the trend as more buyers jump on to avail the top-growth stock at a relatively lower price.

Note that Shopify stock is still not cheap and trades at a stretched valuation. However, as one of the top growth stocks, it will likely continue to trade with a premium.

Shopify alerted investors of a lower growth rate in 2021 after reporting record growth last year. The pandemic and lockdowns drove the company's growth as merchants turned to set up their digital stores. Even if the pandemic ends this year, that might not dent Shopify's growth story in a meaningful way.

Although the management sees relatively slower growth this year, it will likely see above average growth, given its large merchant base and a growing market.

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TICKERS GLOBAL

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2. TSX:KXS (Kinaxis Inc.)
3. TSX:SHOP (Shopify Inc.)
4. TSXV:STER (Facedrive Inc.)

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Author

vinitkularni20

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