Got $6,000 in Your TFSA to Invest? 1 Beaten-Down Growth Stock That Could Make You Rich

Description

Your TFSA (Tax-Free Savings Account) is for sound long-term investing, not reckless speculation. Beginner investors must understand the differences between hot growth stocks capable of making one rich over the long term and speculative gambles that could make or break one over the near term.

Here at The Motley Fool, we're all about long-term investing and betting on wonderful companies at discounts to their intrinsic value. While it may make sense to chase sexy momentum plays with little to no consideration for the underlying fundamentals, I'd argue that the valuation process is even more critical for high-growth companies. You can't just pay whatever price Mr. Market is asking for when it comes to stories. He can tell some pretty great stories, but you must draw the valuation line somewhere.

TFSA investors: Growth stocks can also be value stocks

It helps to stop characterizing companies as growth or value plays. As the great Warren Buffett once put it, all investing is, in fact, value investing in that you're trying to get more for what you pay. Buffett is a classic value investor, yet he had no issue purchasing shares of **Amazon.com** at its seemingly "high" multiples. Undoubtedly, Amazon will never sport traditional valuation metrics (think the price-to-earnings ratio) that'd allow its shares to be classified as a "value stock."

When **Berkshire Hathaway** purchased Amazon stock, it clearly saw value in its long-term growth trajectory. The growth was so profound that even its seemingly "expensive" multiple was viewed as "cheap."

I think Canadians ought to treat their TFSAs like Warren Buffett treats Berkshire's portfolio. And in this piece, we'll have a look at two compelling growth options, which, while expensive on the surface, look undervalued following the latest growth-driven sell-off.

Without further ado, consider **Docebo** (TSX:DCBO)(NASDAQ:DCBO), one great growth stock that may not be as expensive as they seem!

Docebo: A top growth pick after a March growth sell-off

Docebo is a provider of Learning Management Systems (LMS) services that boomed during the pandemic. The stock has been under considerable pressure of late, as speculative growth fell drastically out of favour due to rising U.S. bond yields.

Higher Treasury note yields are bad news for unprofitable companies that are reliant on future earnings. That said, I can't help but think that most of the bond market woes are already priced in here and that Docebo stock is too cheap to ignore for TFSA investors seeking massive long-term growth at a somewhat reasonable price of admission.

Docebo stock plunge 40% from peak to trough before bouncing modestly to $57 and change. The stock's down just over 30% from the top and may be worth nibbling, as I do not believe the firm's pandemic-induced momentum is about to fade anytime soon. The company won over huge clients last year, and I think investors can expect more of the same from the up-and-coming Canadian growth stock over the next decade and beyond.

Docebo's niche target market is still relatively untapped. If you are a believer in the continued digital transformation, the name ought to be at or around the top of your TFSA shopping list.

At the time of writing, DCBO stock trades at 24 times sales, which is frothy, but not frothy enough, given the calibre of growth you'll get.

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