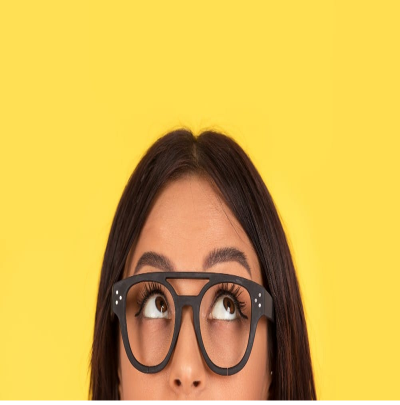

The Best Canadian Growth Stock to Buy After the Tech Selloff

Description

Canadian growth stocks were under considerable once pressure again, as the broader basket was dragged down in Wednesday's vicious trading session.

These days, every time the Fed speaks, the broader markets seem to always take a slide. With U.S. 10-year bond yields holding steady at around 1.6%, though, the tech sell-off is more than halfway done. And if you've got too much cash on the sidelines, I'd look to start nibbling into a starter position here, so you're not left empty handed on what could be a nice sale on growth stocks.

Buy your favourite growth stocks

Just think about how terrible it'll feel if we witness another reverse rotation back into growth should a macroeconomic uncertainty spark bond yields to pullback. And if you believe the long-term downward trajectory of yields is still at play, now could represent a generational opportunity to buy high-growth gems on the cheap.

Inflation could very well be short-lived, as the Fed expects. And investor jitters may be completely unwarranted, given long-term deflationary pressures could still be at play as a result of the profound pick-up in innovation we've witnessed amid the pandemic.

While the tech-heavy **Nasdaq 100** could easily find itself flirting with a bear market over the coming weeks and months, I'd argue that the risks of not having bought anything in this sell-off is far greater, at least for young investors. As such, I'd look to scoop up some shares of the top Canadian growth darlings on your watch list. Now is not the time to lower the bar, even if you think we're due for 3% yields in the U.S. Treasury note. Keep buying on the way down and you'll likely do very well over the long-term.

If you're overwhelmed, with no shopping list, I've got you covered. In this piece, I'll go over a top Canadian growth pick that's at the top of my shopping list. The name has been absurdly volatile and will continue to be, so make sure to buy in chunks over time!

The Canadian growth stock atop my shopping list

Docebo (TSX:DCBO)(NASDAQ:DCBO) is an e-learning software developer that few knew about before the COVID-19 pandemic struck. As workforces and all the sort were forced to lockdown and the work-from-home (WFH) trend took off, the demand for Learning Management System (LMS) software surged.

The company won some major clients last year, including the likes of Amazon.com Web Services (AWS) and its training/certification offerings. Although pandemic tailwinds will fade, as some people head back to the office, the pandemic has accelerated the WFH trend and I would look for Docebo to continue its win-streak in the post-pandemic environment.

What about valuation?

Docebo stock is expensive at just shy of 20 times sales (that's sales, not earnings). For a company with an excellent management team and momentum in its client adds, though, I'd argue that the stock could become much more expensive, as it goes after its sizeable total addressable market with its offering.

Docebo's product has leveraged the power of AI and although the market cap is small, it'd be a mistake to discount the width of the firm's moat. The company is an early innovator and one could argue that the stock is deserving of a multiple that's closer to the likes of a **Shopify**.

In any case, I'd think closely about initiating a starter position after its 5.4% drop on Wednesday's tech wreck. The stock will likely continue to sag, as inflation worries pick up traction. But if you believe the Fed and not the bond market, Docebo stock is nothing short of a bargain here, given its over 50% top-line growth rate.

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