



Top 2 Wait-and-Watch Growth Stocks for 2021

Description

Growth stocks are declining across the board. That's fair, considering valuations have reached stratospheric levels over the past year. These stocks are still far from fairly valued. But as the market continues to slide, some could start looking more attractive.

With that in mind, here are my top two growth stock picks that you should watch throughout 2021.

Growth stock #1

Drone Delivery Canada ([TSXV:FLT](#)) is on the cusp of tremendous growth backed by revolutionary technology. The company designs, develops, and implements commercial drone-based logistic systems. It is well positioned to benefit as shopping patterns shift online.

Online shopping has gone mainstream over the past year, but last-mile delivery is still a critical bottleneck. Jeff Bezos's e-commerce giant has patented drone delivery technology to solve this. Drone Delivery Canada, however, has an early-mover advantage domestically. That's what makes this (admittedly speculative) stock worth watching.

The company's drone logistics system is poised to be at the heart of the modern logistics sector. The team is already increasing its drone fleet solutions owing to the strong demand for fast and timely deliveries over the past year.

With the drone delivery market valued at over \$530 million, Drone Delivery Canada is well positioned to carve substantial market share given its array of drone fleet. Drone Delivery Canada shares have more than doubled in recent months, affirming renewed investor interest in the company owing to the tremendous opportunity at hand.

In the most recent quarter, the drone delivery company delivered \$36,000 in revenues with a GAAP net loss of \$3.77 million. No doubt, this firm is still really nascent, which makes it unsuitable for most investors — especially at its current valuation.

At current valuations of less than \$2 a share, Drone Delivery Canada appears to be a speculative buy that could potentially deliver a windfall in the near future.

Growth stock #2

Staying on the e-commerce theme, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) is another high flier worth watching. The company's valuation has been ludicrous in recent months. The stock price has [dipped 27% since late February](#). Nevertheless, it's still trading at a price-to-sales ratio of 44.5!

Even a triple-digit annual growth rate doesn't justify that valuation. However, Shopify's long-term growth story remains as robust as ever. The team has launched new ventures and new features in recent months that should be encouraging for growth stock investors.

Online shopping habits have become entrenched over the past year. The growth rate could slow down in 2021 and beyond, but there's no going back to pre-pandemic levels.

Over time, Shopify could regain its top spot as Canada's top-performing company. For now, it's a wait-and-watch. If the stock price declines substantially, consider adding some exposure here.

Bottom line

It's not a great time to hold growth stocks right now. The market's excitement is finally wearing off. As the dip continues, watch some promising growth stocks closely. If the valuations become more attractive over time, stocks like Shopify and Drone Delivery could be worth adding to your long-term portfolio.

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