



3 Top Canadian Growth Stocks to Buy by April 2021

Description

It's a good time to [invest in Canadian growth stocks](#) right now. There has been a selloff lately, as money flowed out of high-growth stocks into value stocks.

Investors can use the **iShares S&P/TSX Capped Information Technology Index ETF** ([TSX:XIT](#)) as sort of a benchmark for growth stocks in the Canadian tech space.

The ETF corrected 10% from its high. So, it could be a good time to buy the dip. Currently, the tech ETF's top 10 holdings are **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), **Constellation Software**, **CGI**, **Open Text**, **Lightspeed POS**, **Descartes Systems**, **BlackBerry**, **Kinaxis**, **Enghouse Systems**, and **Dye and Durham**.

Notably, XIT's top three holdings carry the bulk of the weight, as they make up about two-thirds of the ETF's assets.

You could invest in the ETF, but it could be more rewarding to buy growth stocks one by one opportunistically. Here are some Canadian growth stocks that could deliver above-average growth for years to come.

Shopify stock

It's hard to believe that Shopify stock has only had its initial public offering for about six years. It has gone on to become a roughly 38-bagger already, despite the 29% decline from its recent high.

Looking at the bigger picture, the e-commerce stock is actually holding up fairly well with a clear support in the US\$900-\$1,100 range. The pandemic drove particularly strong revenue growth of almost 86% at Shopify last year, which suggested merchants accelerated in expanding their businesses online.

The e-commerce trend is still intact. Moreover, [Shopify stock](#) is undervalued with approximately 37% near-term upside according to the analyst consensus 12-month price target. So, it's a good time to buy some shares of the Canadian growth stock for new or existing positions.

Docebo stock

Docebo ([TSX:DCBO](#))([NASDAQ:DCBO](#)) stock is another beneficiary of the pandemic. Its 2020 revenue growth momentum continued in the 50% range from 2019. Organic growth was strong last year with 57% and 54% year-over-year growth, respectively, in annual recurring revenue and subscription revenue.

Docebo provides corporate e-learning solutions using a cloud-based software-as-a-service model. It was one of the first to introduce artificial intelligence into corporate e-learning that caters to a company's internal employees, partners, or customers. Companies could then use the data-driven insights to enhance its learners' experience and improve their workforces more quickly and effectively.

The market fears that the demand for corporate e-learning will decline post-pandemic. However, it's more likely to complement other forms of corporate learning.

The tech stock lost more than 40% of its market value from its recent high, and now sits on a 50-day simple moving average. It's not a bad time to start easing into the stock with a near-term upside of 28% according to analysts.

This Canadian growth stock has legs

You might not have heard of this Canadian growth stock. **Converge** just graduated from the TSX Venture Exchange to the **TSX** in February. Before that, it was among the top-performing stocks on the TSX Venture Exchange for two years in a row.

The tech company completed five acquisitions last year, boosting revenues by 38% to \$948.8 million and adjusted EBITDA by 92% to \$60.5 million. As the company drove value, the stock correspondingly rocketed, more than tripling in 2020! This allowed the company to raise capital via equity financing, which, in turn, drove more M&A activities.

The company has been keeping busy. Year to date, it raised \$86.5 million via equity financing and completed two acquisitions. As long as it continues to find fitting acquisitions, the growth stock can continue to advance at an above-average pace in the foreseeable future.

Converge stock has been consolidating in a sideways channel since 2021. At the bottom of the channel right now, it's a good time to buy or add to an existing position.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:DCBO (Docebo Inc.)
4. TSX:SHOP (Shopify Inc.)
5. TSX:XIT (iShares S&P/TSX Capped Information Technology Index ETF)

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