Forget GME Stock! April's Best TSX Stock Is Hiding in Plain Sight

Description

It's game on for **GameStop** (NYSE:GME) stock once again. The WallStreetBets meme stock has been rocketing higher just a day after the stock tanked in response to a weak earnings report, inspiring some people to think that its was game over for the meme stock that will go down in the history books as the mother of all short squeezes.

Will there be anything else like GME stock? Probably not. Many didn't even know that it was possible to have greater than 100% of a stock's float sold short. I think it's safe to say that such a phenomenon is about as likely as negative oil prices. Possible? Yes, but as unprecedented as it is rare.

For now, the retail army at WallStreetBets is "HODL"ing for their life. Many strong-handed investors (so-called diamond hands) are standing by GME stock, even in the face of profound volatility. Good on them, but for most investors, GameStop stock should be in the no-fly zone. Why? There are many potential multi-baggers out there that don't require you to risk your shirt and pants.

GME stock may not offer the best bang for your invested buck

As we enter April, numerous growth stories may be worthy of a bet following the brutal growth sell-off sparked by action in the bond market. Higher bond yields are terrible for high-growth stocks that aren't yet profitable. For the ones that don't expect to pull in a profit anytime in the near future, higher bond yields are absolutely dreadful news.

Rather than watching the bond market and where rates are at, though, I'd encourage you to adopt a contrarian mindset. Everyone else is worried about bond yields here, and that's reflected in the stock prices of the growth darlings.

Tune into the financial media and you're bound to come across a pundit who's certain that bond yields will climb above 2% or even 3% in 2021. They may even tout that the growth market is in a bubble, and it'll crash further. Take such shallow projections with a very fine grain of salt. Nobody made money by following the herd and panicking. Moreover, don't let anybody convince you that they know for sure what will happen next with markets. Not even Warren Buffett knows this!

The best thing you could do in response is to be ready for whatever happens next. Higher bond yields? Lower yields? It doesn't matter. You should position your portfolio such that you'll be in a spot to profit in any case. Bond yields can climb much higher, perhaps even to the dreaded 3% levels. But that doesn't mean it can't fall back to Earth once transitory inflation passes and we're back into a low-rate world.

A white-hot tech stock that's ripe for buying in April

That means you should think about buying beaten-down growth stocks here in case rates do flop at the end of the day. Think red-hot shares of **Shopify** (TSX:SHOP)(NYSE:SHOP), which are under considerable pressure. The stock has been punished because its growth story promises immense profits way into the future.

If you're like many Canadian investors who've been waiting for a pullback in the name before jumping in, now is your chance. Shopify stock is fresh off a near-30% plunge. And although the reasons behind the plunge may convince you to lower the bar, I'd argue that now is as good a time as any to scale into a full position while shares are at a strong level of support at around $1,300.

Shopify stock has plunged before and it'll plunge again. The circumstances will be different every time. So, don't try to get in at the bottom because you'll probably end up missing the boat entirely. So, nibble into a small position here and be ready to buy more on further weakness, which will likely accompany higher bond yields.

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