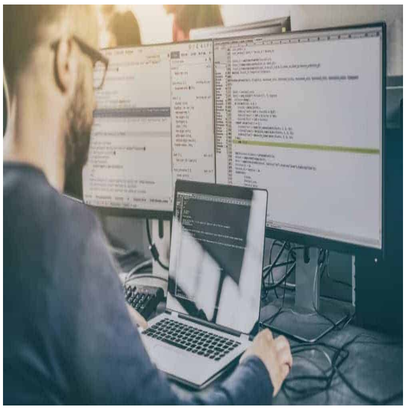

Growth Stocks Soar: 1 Top Canadian SaaS Stock to Buy in April 2021

Description

Canadian growth stocks bounced back big time on Thursday, as the 10-year U.S. Treasury note yield pulled back by seven basis points.

In numerous prior pieces, I've encouraged investors to embrace the carnage in the growth and tech scene by buying the dip and the correction suffered by the growth-heavy Nasdaq 100. I've noted that bond yields could retreat just as they could ascend, noting the possibility of reverse rotations from value back into growth. Indeed, we witnessed a huge reverse rotation to end the shorted trading week, as the Nasdaq 100 surged nearly 2%, while the value-heavy Dow Jones Industrial Average inched up 0.5%.

"Where are the opportunities in today's market? Speculative growth stocks, which have been pummeled at the hands of the bond market, may have overswung to the downside, making them worthy of a sizeable bet," I said in a prior piece, urging investors to nibble away at growth stocks on the dip, despite surging bond yields. "I think the damage [to growth stocks like **Shopify**] has been excessive, and any reversal in the bond markets could pave the way for a steep bounce."

Growth stocks are back in the spotlight (and at the expense of value stocks!)

Moving forward, I suspect further growth-to-value rotations and reverse rotations to pave the way for rampant volatility. Such volatility, I believe, is a massive friend to stock pickers, who can take advantage of pricing blunders made by Mr. Market over the short term. While Thursday's big growth-driven rally has increased the price of admission to many great growth stocks, I still think there are many that could have much more room to run, as inflation jitters calm and the bond market bounces back.

E-commerce kingpin Shopify, which was up 4.4% on Thursday, is a great pick for long-term growth investors. But for young millennials who are willing to take chances to improve their odds of holding the next multi-bagger, I think earlier-stage growth stories are worth a second look now that they're still off considerably from their highs.

Canadian Software-as-a-Service (SaaS) stocks like **Kinaxis** (TSX:KXS) were up 6.5% on Thursday. Kinaxis stock, I believe, is worth scooping up here, as it looks to bottom out after a brutal first quarter of selling.

Kinaxis: A Canadian SaaS stock that could soar high again

Supply-chain management software developer Kinaxis has been up against it in recent months. The pandemic's end and the rotation out of tech have been most unkind to the KXS stock. Just because the pandemic is slated to end does not mean that Kinaxis's offering will cease to be in high demand, though. Scenario simulations, I believe, could continue to be necessary, as supply chains are overwhelmed on the demand side, as we enter a potential post-pandemic spending boom. Call it the Roaring 2020s, if you will.

Over the coming years, I suspect Kinaxis will keep on winning new clients, and like most other value-adding cloud players, I think KXS stock will be the biggest winners from any broader market reverse rotations. At 14.1 times sales, Kinaxis is not cheap, but relative to its growth story, I'd say its stock is looking pretty undervalued.

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