



Top Growth Stocks: 2 Obvious Bets for 2021

Description

Nothing in the market is guaranteed, but some growth stocks seem obvious. Just remember these investments aren't obvious to *everyone*. Instead, only those paying attention can capitalize.

If you want to own the best growth stocks of 2021, here's your chance.

Pay attention to cannabis again

Cannabis was the top growth market of 2018. Anything that had to do with marijuana skyrocketed in value. We're not talking small returns either. Many stocks doubled, tripled, or even quadrupled in value. All of that happened in a matter of months.

Then the cannabis bear market of 2019 occurred. The COVID-19 crisis of 2020 didn't alleviate any of that pain, but in 2021, the market is set to turn a corner. Your best bet is **HEXO** ([TSX:HEXO](#))(NYSE:HEXO).

Let's first look at what fizzled this growth market a few years ago. Investors were betting on companies that could grow cultivation the fastest. Whoever produced the most marijuana received a higher valuation. I warned against this type of investing before the bear market arrived.

"Today, it's not very profitable to grow staples like tomatoes, beans, rice, or cabbage. In another decade, there's a chance that growing cannabis isn't wildly profitable either," I predicted. "Commoditization could be a lot closer than you think."

Indeed, commoditization was closer than *everyone* thought. There still aren't many sustainably profitable marijuana stocks, even if revenues still experience growth. That's why HEXO is different.

"Think of HEXO as the **Coca-Cola** of pot," I recently [stressed](#). "It deals with a bunch of individual commodities, but it packages and brands those ingredients in a way that produces brand loyalty and sustainably high margins."

Still trading well below its 2018 highs, HEXO is priced right for value-conscious growth investors.

This is my top growth stock

Few investors would call **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) stock cheap. It's one of the priciest businesses on the market, at least when you look at the multiples. Yet time and time again, shares have proven worthy of their steep premium. Shopify stock has risen more than 40 times in value since going public in 2015.

What makes Shopify so special? It's a platform business playing in one of the biggest growth markets in human history: e-commerce.

"At first glance, Shopify isn't an **Amazon** competitor at all: after all, there is nothing to buy on Shopify.com. And yet, there were 218 million people that bought products from Shopify without even knowing the company existed," [explains](#) tech consultant Ben Thompson.

Shopify is simply a platform. It built the infrastructure in which others can build on top of. This way, it takes a cut of all the sales that are processed on its platform *without* needing to drive those sales itself. It's like a secret recipe for low-cost growth.

"The difference is that Shopify is a platform: instead of interfacing with customers directly, 820,000 3rd-party merchants sit on top of Shopify and are responsible for acquiring all of those customers on their own," Thompson concludes.

Amazon remains nearly 20 times larger than Shopify despite their similarities. This "expensive" stock should continue to reward patient investors.

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