



A \$100 Bet: 2 Growth Stocks to Buy in the May Dip

Description

The stock market saw a dip in May, as the earnings season began. The first quarter is seasonally slow for many companies, and the third wave of the pandemic only added to the weakness. But this dip created an opportunity to buy some [growth stocks](#) at a discounted price. These stocks could surge in the latter half of the year, as the vaccination drive gathers momentum and relieves Canada from the 15-month long pandemic.

Lightspeed POS stock

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) stock was one of the biggest beneficiaries of the pandemic-induced lockdown. It was the pandemic that made its omnichannel commerce platform a need-to-have technology. Retailers registered on the Lightspeed platform to offer services like online ordering, contactless payments, and curbside pickup.

Nothing changed for Lightspeed, other than its revenue growth, which is in seasonal weakness. But this weakness will be offset by the revenue accrued from the three acquisitions it made between December and March. Despite this, the stock fell 15% in May, as investors cashed out on their triple-digit returns from the pandemic rally. Some investors cashed out, as many Canadians paid taxes and the Budget 2021 signalled the phasing out of the stimulus check from July onwards.

Lightspeed stock is currently trading below \$73. The stock has the potential to reach its all-time high of over \$100, representing a 38% upside. What makes me sure about its rally?

Lightspeed stock rallied in 2020 on the back of retail momentum. The company also caters to the hospitality industry. As the economy reopens, the restaurants will have to adhere to the social-distancing rules, making pre-booking a necessity. The Lightspeed platform will see an uptick in the hospitality segment.

Moreover, the company is now focusing on increasing its revenue from existing customers. It is promoting Lightspeed Payments and Lightspeed Capital. This will drive its organic revenue and help it move in the direction of profits.

BlackBerry stock

There is one stock that has not yet shown any significant growth, but with time and patience, it has the potential to be the next Lightspeed. **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)) is now a cloud-based software company and runs on the same rules as other young software firms. The land-and-expand strategy, volume-based growth, and high competition are traits of this company.

BlackBerry is one beaten-down stock, as it has gone through the worst possible crises: the 2000 dot.com bubble, the 2007 disruptive technology phase, the 2009 financial crisis, and the January 2021 trading short squeeze. Despite all this, the company remained solvent and even underwent a turnaround from hardware to software. BlackBerry's journey in itself is commendable.

If BlackBerry could remain profitable in such crises, how well can it perform in an environment that promotes growth? The company currently offers endpoint cybersecurity solutions and an automotive operating platform. It is a leader in the mobile communications security segment, but not in others. Moreover, its automotive solutions are used in more than 175 million cars, but it faces strong competition from Google.

The 5G and electric vehicle (EV) wave are creating a growth environment for BlackBerry's products. The company expanded its [contract](#) with the Canadian government. It will provide endpoint management and communications security to Service Canada. At the same time, the company lost the **Ford** contract to Google.

The next three to five years are crucial for BlackBerry. It has to prove itself once again and gain market leadership. If it succeeds, the stock could surge to unprecedented levels. Prem Watsa is banking on this potential, because of which, BlackBerry is his second-highest holding.

Investor takeaway

The May dip could be your last chance to see these growth stocks at such low prices. But this doesn't mean that the above stocks might not fall. The downside risk remains, but the upside potential is way higher, making them attractive buys.

CATEGORY

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2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:BB (BlackBerry)

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