High-Growth Canadian Cloud Stocks Won't Stay This Depressed Forever: Buy Them Now

Description

Canadian cloud stocks were flying high in 2020. Of late, though, they've taken a breather alongside most other expensive, high-growth stocks that have yet to pull in a profit. With the risk of higher rates, inflation jitters, and a potential Fed-induced scare that could be in the cards for the rest of 2021, investors have the right to be concerned. Taking a bit of profit off your biggest winners is never a terrible idea, especially given how unkind Mr. Market has been to high-growth stocks.

Given the recent slate of big earnings beats clocked in by top Canadian cloud stocks that have failed to move the needle higher, though, I think the broader market's distaste for high-growth names has taken it a tad too far. While I have no idea when tech and growth will hop into the driver's seat again, I think that most young investors should start scaling into some of the more robust high-growth cloud stocks while they're in the midst of taking a breather after an incredible run.

Growth and cloud stocks are fresh off a big drop: It's probably time to start doing some buying

I think many cloud-harnessing winners will continue winning over the next decade and beyond. And if you can grab such a name at a 30-40% discount to peak levels, it may be wise to take it, as long as you're willing to hold on for the long haul and buy more on the way down.

Without further ado, let's have a closer look at two of my favourite Canadian cloud stocks that ought to be scooped up right now. Enter **Lightspeed POS** (TSX:LSPD)(NYSE:LSPD), an incredible top performer which has slid by 31% off its highs. I view the Canadian cloud/e-commerce company as a baby that's been unjustifiably thrown out with the bathwater in this vicious, growth-focused sell-off.

Lightspeed POS: Growing its top line at the speed of light

This isn't the first time that top commerce-enabler Lightspeed POS has been punished severely by the market. During last year's coronavirus crash, the stock shed over 70% of its value. The stock nearly got in cut in half twice in a span of just a few weeks. Undoubtedly, it was an unforgiving crash that spared those who held on, despite the turmoil and negative momentum. The stock eventually recovered all of the ground lost in the crash and then some, as the stock went on to rally over 625% in just a few months.

Sometimes it just pays to hang in and be a contrarian, even if you'd look foolish for doing so.

Today, Lightspeed stock is down just north of 30%. There's no telling if this is the start of a more severe crash. In any case, there are few, if any, prominent dents in Lightspeed's armour, as there were earlier last year. The company is in a spot to do well going into year's end, as its brick-and-mortar clients are poised to have a heavy weight lifted off their shoulders once lockdowns and restrictions are lifted.

Even after a 30% drop, the growthy Canadian cloud stock isn't cheap. Still, it's certainly pretty attractive on a relative basis (most other cloud stocks are way more expensive, and frankly, they're not as robust as Lightspeed) considering its growth rate and the potential post-pandemic tailwinds that are just up ahead.

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