3 Incredible Canadian Growth Stocks That Won't Stay Down Forever

Description

The recent sell-off in growth stocks may or may not accelerate into year's end. Regardless, it's the job of an investor to load up on shares priced at below their estimate of its intrinsic value. However, this task is far easier said than done.

Canadian growth stocks could be in for a bounce amid inflation fears

If inflation is in fact transitory as the Fed believes and rates retreat below the 1.5% mark, some pretty incredible Canadian growth stocks could be trading at bargain prices. The sky-high valuations may actually be lower than what they could be if rates don't surge above and beyond 2%, a level Fed-doubting pundits seem to think is a given.

If you're well diversified and are a bit light on growth, consider the following names while they're still at depressed levels.

Docebo

Docebo (TSX:DCBO)(NASDAQ:DCBO) is a fast-growing Learning Management System (LMS) play that's been a major multi-bagger since rising out of the depths of the coronavirus crash.

With remote work likely sticking around well after COVID-19 is conquered, Docebo's best days are still up ahead. The pandemic tailwinds will fade, but it likely pushed Docebo's adoption many years into the future. The more you view 2020 as an accellerant in next-gen technology and less of a flash in the pan, the more it becomes apparent that Docebo stock is more of a buy on its recent bout of weakness.

Despite the high valuation, I'd throw Docebo into the basket of winners that are likely to keep on winning through the 2020s. Relative to its growth prospects, Docebo is undervalued, although its price-to-sales (P/S) of 24.2x would suggest otherwise.

Lightspeed POS

Lightspeed POS (TSX:LSPD)(NYSE:LSPD) is another pandemic winner that isn't about to slow down anytime soon. The e-commerce darling serves many brick-and-mortar retailers and restaurants that will be reopening shop over the coming months as COVID-19 abates. More money in the pockets of Lightspeed's clients means more money can be spent on new offerings.

In the post-COVID environment, I see a significant opportunity for Lightspeed to upsell its thriving customers. Moreover, with enough flexibility to bolster its offering via M&A, I wouldn't want to bet against the name despite its hefty 41.7 times P/S multiple.

Lightspeed is an expensive stock, but could it become even more expensive as it grows into its multiple? Perhaps. In any case, the $11.1 billion market cap is too small for a firm with such incredible growth prospects. After a 33% drop, this is about as close to a bargain as you're going to get from the name.

Dye & Durham

Dye & Durham (TSX:DND) is a lesser-known cloud-based productivity software company serving niche legal and business industries. Like Lightspeed, Dye & Durham has been quite busy on the acquisition front, with Future Climate Info recently being scooped up a deal worth $94 million.

The company is growing at a staggering rate, with its most recent quarter posting an unprecedented 300% year-over-year pop in revenue. The company is firing on all cylinders and the 21 times P/S multiple isn't nearly as high as it could be given the opportunity at hand.

The stock hasn't really pulled back by much. Shares are sitting down just 17% off their highs. As the stock continues consolidating, I'd look for the dollar-cost average to grow into a large position over the next 18 months.

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1. NASDAQ:DCBO (Docebo Inc.)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:DCBO (Docebo Inc.)
4. TSX:DND (Dye & Durham Limited)

5. TSX:LSPD (Lightspeed Commerce)

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