Forget Dogecoin: 2 Canadian Growth Stocks to Buy Instead

Description

The temptation to get into Dogecoin is almost palpable. So many people have been made rich by the cryptocurrency originally created as a joke, and it's only natural to want to get in on the action.

As meme coins and other speculative assets continue falling out of favour, led lower by Bitcoin, I'd continue urging investors to think twice before buying the dip. Of course, nobody knows if the recent weakness in Dogecoin and the like is curtains on the epic crypto rally of 2020-2021, but regardless, I think many young investors would be far better off in Canadian growth stocks, which, unlike Dogecoin, are guaranteed not to implode over the weekend — a time that investors should be taking it easy!

Without further ado, here are two Canadian growth stocks I'd be willing to bet will outperform Dogecoin over a one-year timespan.

Constellation Software

Constellation Software (TSX:CSU) is about as boring as a high-growth tech stock can get. To Warren Buffett followers, though, that's a good thing. The company has a lengthy track record of growing its earnings and is far more predictable than most other, less-profitable software companies out there.

In a prior piece, I'd referred to Constellation Software as a prime example of a smart-beta investment. The stock has crushed the markets while doing so with far less volatility. As a result, it's been a more bountiful investment and a smoother ride for investors. Over the past five years, shares have surged over 236%, with only two bear markets (the "Fed put" selloff of late 2018 and the coronavirus crash of 2020) that Constellation was rather quick to recover from.

Most recently, Constellation stock corrected as growth and tech soured through the eyes of investors jittery over inflation and the potential for rate hikes. I think the correction is just noise and is nothing more than a buying opportunity for Canadian investors looking to handsomely beat the TSX while risking less.

The stock trades at 7.35 times sales and 32.1 times next year's expected earnings. It's not cheap but not expensive, given the high double-digit EPS growth you'll be getting from the name.

Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) is a wonderful business that isn't nearly as expensive as its 45 times sales multiple would suggest. Shopify faces tougher year-over-year comparisons going into year's end, as people return to physical retailers after a year and a half of shopping online. Management did warn investors that growth could decelerate over the coming quarters, which is to be expected as its prominent COVID-19 tailwinds fade away.

The coming growth slowdown isn't the "big peak" that the bears are looking for, though. I think Shopify still has a tonne of room to run, as it looks to capture an even larger share of the lightly penetrated small- and medium-sized business (SMB) e-commerce market. The coming post-pandemic slowdown, I believe, will be a breather before the next sprint.

Moreover, don't discount the capabilities of management. They've made it through headwinds before, only to come out on top, leaving profit-takers in the dust. Should the recent selloff in Shopify stock intensify, possibly following a weaker-than-expected quarter, I'd get ready to load up, because I think the secular run in e-commerce is far from over. As for Dogecoin, I have no idea what will drive it higher, as the crypto trade goes out in poof of smoke.

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