



Revealed: The Best Canadian Stocks to Buy for the Rest of 2021

Description

The market is in a weird spot right now, with growth looking to [bounce](#) back from a nasty, isolated correction, while value stocks continue to lead the broader market rally higher. The first half of the year has been all about the great growth-to-value rotation, which was a long time coming, as I warned investors back in early January.

An economic reopening and the cyclical trade are red hot, while 2020's top growth stocks have been ice cold. So, will the rotation continue into year's end, as the Fed looks to taper? Possibly. With the recent pullback in U.S. rates, though, the odds of a sudden "reverse rotation" back into [growth](#) could take hold.

While I'm not yet ready to call such a reverse rotation quite yet, I think it's only wise for investors to maintain a well-balanced barbell portfolio with a good mix of growth and value names. Moreover, for those who've doubled up in cyclical stocks, I think it's only prudent to take a little bit of profit off the table, as you look to better position yourself for the second half of 2021, which could be very different from the first half.

In this piece, we'll have a look at a value and growth pick that Canadians may want to consider buying together this June. Consider flight simulator manufacturer **CAE** ([TSX:CAE](#))([NYSE:CAE](#)) and e-learning top dog **Docebo** ([TSX:DCBO](#))([NASDAQ:DCBO](#)).

CAE

CAE is a great, under-the-radar reopening play for investors who don't want to put up with excessive turbulence in an airline like **Air Canada**. While I'm not against owning Air Canada stock for believers in an early-2022 economic reopening, I think the name is far too choppy for most Canadian investors to stomach.

When it comes to CAE, a firm that's going to play a major role in the re-training of pilots who haven't flown as much, if at all, during the COVID-19 pandemic, I think the Canadian stock could recover far faster and with far less risk versus the likes of an airline. In contrast, a name like Air Canada will

fluctuate viciously based on the race between vaccines and variants.

Moreover, CAE isn't just a play on the recovery in civil aviation. The company also has a magnificent defence business that could grow pretty fast over the next decade. With shares trading at just 3.6 times book value (far lower than Air Canada, which trades at 10.7 times book), I'd argue that CAE is one of the cheaper, more diversified, and less choppy way to play air travel's recovery from the COVID-19 pandemic.

Docebo

As a Learning Management System (LMS) solutions provider, Docebo was a huge pandemic beneficiary. As COVID-19 ends and people return to the office, the thesis is that Docebo, like most other work-from-home plays, will end up crumbling like a paper bag. Remote workforces were a major theme in 2020 and 2021. Once COVID-19 is conquered in 2022, Docebo may lose a step, but don't count on it stumbling.

The company got a boost in 2020, but it's a boost that has beefed up the company's long-term growth profile considerably. In 2019, Docebo was little known. Today, it's starting to become a household name, with behemoth clients like **Amazon.com** on board.

Docebo had big wins in 2020. And I suspect it'll continue to win over some big-league clients, albeit at a slower rate, as firms look to pour money into digital infrastructure in what I believe will be a hybrid work-from-anywhere model. Many people have zero desire to return to the office. And to remain competitive, many such firms are going to need to digitize or run the risk of losing employees to a firm that offers its employees greater flexibility. As such, expect Docebo stock to roar higher once investors are done fretting over the post-pandemic hangover period and the tougher year-over-year comparisons that are just up ahead.

Yes, the Canadian stock is still expensive after its pullback at just around 25 times sales. But given the calibre of management and the longer-term growth opportunity at hand, I'd argue 25 times sales is a relative bargain in the cloud software space.

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3. Tech Stocks

TICKERS GLOBAL

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2. NYSE:CAE (CAE Inc.)
3. TSX:CAE (CAE Inc.)
4. TSX:DCBO (Docebo Inc.)

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