2 Speculative Canadian Stocks for Venturesome Millennials

Description

Speculative Canadian stocks aren't recommended for most investors. But if you're a millennial who would have otherwise put the money on some meme stock on Reddit or a cryptocurrency that could be on the verge of collapse, I think it's a better idea to take a shot at some of the higher-risk, higher-reward, early-stage growth companies here in Canada.

While speculative, each of the two stocks actually have the means to grow into their current "nosebleed" valuations. Undoubtedly, each stock has been crushed at the hand of rate-hike woes. And they could continue to take a brunt of the damage should growing evidence point to runaway inflation. Higher inflation and an overheated economy could point to interest rate hikes. As we discovered in the first half of the year, higher rates are bad news for growth, especially speculative growth companies that aren't even thinking about raking in a profit at this juncture.

Without further ado, consider **Score Media and Gaming** (TSX:SCR)(NASDAQ:SCR) and **Lightspeed POS** (TSX:LSPD)(NYSE:LSPD) — two absurdly expensive stocks that could prove to be major multi-baggers if each firm can capitalize on their respective opportunities at hand, and assuming rates don't rise significantly over the coming years.

Score Media and Gaming: High risk, higher reward?

Score Media crashed hard in the first half of 2021. Shares crumbled over 70% in a matter of months before bouncing back partially and surrounding a big chunk of those gains. Undoubtedly, Score has the opportunity to capture a nice slice of the Canadian single-game sports betting market, which is poised to be legalized. The bill recently passed in the Senate, but investor hype has dried up, even on the good news.

Today, the stock is off just shy of 60% from its February 2021 high. Despite the vicious selloff, shares are still a risky proposition at over 63 times sales. Moreover, the 2.72 beta means that SCR stock will fluctuate far more viciously than the broader TSX. Expect double-digit percentage daily moves that reflect the action in the bond market!

If you've got disposable income and are not rattled by such volatility, I'm not against dollar-cost averaging into a full position over time. The growth opportunity and total addressable market are very real. In any case, I wouldn't dare bet against John Levy and his firm ahead of what could be a very eventful next 18 months.

Lightspeed POS: A great stock for courageous millennials

Speaking of nosebleed valuations, Lightspeed POS stock is a company that seems to keep raising the valuation bar by the week. Indeed, it's tough to keep the commerce-enabling firm down, especially with the strength it garnered during the worst of 2020. The stock trades at 50 times sales, which is pretty much in line with e-commerce kingpin **Shopify**.

Like Shopify, Lightspeed can grow into its seemingly ridiculous price-to-sales (P/S) multiple. While Lightspeed isn't profitable, it is capable of continuing to sustain its incredible growth rate. With a fresh listing south of the border, I think Lightspeed could evolve to become a household name just like Canada's largest company Shopify.

While I'm not a fan of the valuation here, I would look to be a buyer should shares pullback again. Over the past two years, there has been no shortage of violent implosions in the stock. If you like the company, I'd watch it closely and be ready to pounce on weakness. But do be careful, as the stock could get cut in half and still be pricey through the eyes of most value investors.

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