



Even at These Heights, Shopify Stock Is a Great Buy for the Next Decade

Description

Warren Buffett's favourite investment horizon is forever, but even he cannot hold every name he scoops up for life. Undoubtedly, there are plenty of [disruptive](#) firms out there that threaten to erode the moats of even the Canadian stocks with sky-high barriers to entry.

Such disruptive firms are leveraging innovative technologies in their favour. The incumbent wide-moat companies that are shying away from such technologies are at a disadvantage.

There's no question that using tech to explore new growth verticals has been a formula for profound success. Being complacent and just hoping for one's moat to hold up over the intermediate-term has not.

Indeed, it's tough to justify holding any stock forever these days. That's why it's [vital](#) for investors to stay on top of their top holdings, so they can respond to any deterioration in their theses and adjust their exposure accordingly.

Yes, conducting a thorough analysis before making any common stock purchases is absolutely critical. But the homework doesn't end after you've hit the buy button. In fact, the process of learning and readjusting one's thesis has just begun.

We're living in an era of accelerating technological disruption that's been given a jolt by the pandemic. Many high-tech Canadian growth stocks boast absurd multiples in today's market. But given the magnitude of disruption going on and the unfathomable market-share-stealing potential, I'd argue that such high multiples are more than warranted, especially in the firms with proven leaders at the helm.

Shopify: The Canadian growth story keeps getting better and better

Take **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), one of the biggest tech success stories to arise out of Canada. The e-commerce powerhouse gave smaller mom-and-pop retailers a solution to fight back

against the behemoth disruptors, most notably **Amazon.com**.

It's been an epic run for Shopify stock. Yet, the company keeps on being bid higher. And the macro environment has continued to act in its favour. Eventually, the tides will turn, and Shopify could go many years with sub-par returns.

But so as long as CEO Tobi Lutke and his team continue innovating and expanding their footprint into new growth arenas, I don't see Shopify stock correcting significantly for an extended period of time.

In prior pieces, I praised Tobi Lutke for his ambitious vision and his exceptional stewardship. As Shopify explores new growth levers while continuing to go after the still lightly-penetrated small- and medium-sized business space, I think investors should seek to get some skin in the game on pullbacks.

Should you buy now or wait for a pullback?

I've been pounding the table on Shopify as shares fluctuated for most of late 2020 and early 2021.

Now that the name has broken out to the \$2,000 range, I'd look to watch the name and load up on a pullback that may very well be driven by factors outside of the firm's control.

Undoubtedly, another pick-up in rates could drag high-growth stocks like Shopify back to the mid-\$1,500 range, even as the firm looks to clock in earnings beats against tougher year-over-year comparisons.

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