Forget Robinhood: These Top TSX Stocks Could Make You a Millionaire

Description

It's just been a week, and **Robinhood Markets** (NASDAQ:HOOD) stock has already doubled. The eye-popping daily volume indeed indicates the immense popularity of the American trading platform provider stock. On Wednesday, approximately 176 million shares exchanged hands, even after trading stopped several times due to immense volatility.

Will Robinhood stock keep trading higher?

The excitement is certainly fathomable given Robinhood's growing subscriber base, revenue growth, and a recent interest by famed investors. However, will it continue to outperform, say, two years down the line?

Now, that invites a lot of uncertainty. The pandemic-driven lockdowns and stimulus money drove retail investors towards trading since last year, which fueled Robinhood's growth. The trend might not keep up as we move towards the "new normal" post-pandemic. Also, the commission-free trading app generates a majority of revenue from routing trades to market makers. The overall process lacks transparency and invites scrutiny by regulators.

In addition, HOOD stock currently looks way overvalued with its price-to-sales valuation of 45. *Bloomberg Intelligence* has given Robinhood a price target of US$30, representing a 57% downside from its current levels.

All in all, Robinhood's volatile stock and concerns over its future growth make it a risky bet for now.

High-growth TSX stocks

Aggressive investors looking for growth can look elsewhere. There are plenty of other options that offer attractive growth prospects with reasonable risk. Canadian tech titan **Shopify** (TSX:SHOP)(NYSE:SHOP) is one of my favourite growth stocks. The e-commerce growth is more discernable, and Shopify is well placed to ride the secular trend.

I think its high valuation multiple is justified with its stellar historical financial growth since 2015. As a result, the stock has soared more than 6,100% since then.

Shopify's large addressable market and growing product base could continue to drive it higher in the long term. Compared to Robinhood, SHOP stock offers a much better risk/reward proposition for long-term investors.

Consumer lending has also been one of the high-growth areas in the markets. We could see it accelerate further in the post-pandemic environment. As a result, Canadian mid-sized consumer lender **goeasy** (TSX:GSY) has seen stupendous growth, returning nearly 2,000% in the last decade.

Even if that falls way short of Shopify, goeasy has remarkably outrun the **TSX Composite Index**. If you'd invested $50,000 in GSY stock a decade ago, you would have accumulated more than a million dollars today.

goeasy lends to non-prime borrowers that top Canadian banks do not serve. This opens a big market with a large growth potential for lenders like goeasy. It plans to launch its auto loans range later this year. goeasy will likely see superior earnings growth, which could drive shareholder returns in the long term.

Bottom line

It is not prudent to focus on a stock's short-term performance while investing. The immense volatility with stocks like Robinhood could catch you on the other side of the trade. Stocks rising abruptly have also seen extreme drops consequently in the past. Investors should be wary of such stocks. It is important to focus on fundamentals while investing for the long term and ignore the short-term noise.

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:GSY (goeasy Ltd.)
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