2 Breakout Growth Stocks Worth Buying Today

Description

High-multiple growth stocks could be prime targets of the next market selloff if the U.S. Federal Reserve aggressively moves the needle higher on rates. While many top hyper-growth stocks are pretty frothy at these levels, with valuation metrics heavily tilted on the higher end of the historical range, I think it's unfair to label them all as overvalued or overdue for a crash.

Undoubtedly, high-multiple stocks are most vulnerable to the biggest swoons to the downside. But on the flip side, many emerging firms may be more than capable of growing into their sky-high multiples. Shopify, an expensive stock that's commanded a high multiple for many years, fits the bill as a firm that's continued to raise the bar on itself. The stock has plunged many times in the past. But at the end of the day, shares continued higher, and those who weren't startled out of the name by extreme levels of volatility were to ones who walked away with incredible results.

At this critical crossroads, investors seem split, with one camp favouring value, and the other, innovative growth plays. In this piece, we'll have two high-risk growth stocks for the latter camp.

Docebo

Docebo (TSX:DCBO)(NASDAQ:DCBO) was one of my best-performing picks last year. Shares of the Learning Management System (LMS) software developer are currently breaking out to new all-time highs just south of $100 per share. After surging nearly 800% since its March 2020 lows, it's tough to justify buying shares here. The next selloff could have the potential to be absolutely ridiculous. And it could happen if Docebo misses the mark for a quarter or if the broader basket of bid-up high-multiple tech stocks plunges again due to exogenous factors.

At 30.4 times sales, the stock is frothy. Given the promising fundamentals, however, the name is hardly a bubble. Unlike many other high-multiple stocks, Docebo has an incredibly innovative product with a unique offering and a massive total addressable market. Indeed, the $3.1 billion company's AI solution is a great offering that's tough for other tech companies to replicate.

Docebo has been and will continue to be my top pick to play the digital transformation of the workplace. The valuation is steep, and although I'd be inclined to take profits after a massive multi-bagger move, I'd say it may be a better idea to leave your stake alone. The company has, in one way or another, found a way to raise an already high bar. Until there's a prominent stumble or growth slowdown, it'll be tough to break up with the breakout cloud stock.

Nuvei

Nuvei (TSX:NVEI) is my top Canadian way to play the booming payments scene. After nearly tripling off its first close just under a year ago, shares are riding high on some considerable momentum. But it's momentum that I believe could be sustained, as the Montreal-based company continues falling on the radars of tech investors who seek to invest on the cutting edge of innovation.

Just over a week ago, Nuvei revealed an incredible second-quarter beat (114% year-over-year revenue growth) — its fourth straight. For Nuvei, it seems like the beats keep getting bigger and bigger. And while it will eventually stumble, I don't think that moment will be anytime soon.

With shares trading at over 28 times sales, Nuvei, like Docebo, is very much vulnerable to the next market-wide pullback. For venturesome investors, though, I'm certainly not against getting some skin in the game today, as the stock's continued rally may very well dwarf the next correction, whenever it may be.

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3. TSX:NVEI (Nuvei Corporation)

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