The 2 Best Canadian Stocks to Buy in September 2021

Description

The Canadian stock market has rebounded incredibly well from its lows of the COVID-19 market crash last year. After bottoming out in March 2020, the **S&P/TSX Composite Index** has risen more than 70%.

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During the bull run over the past year and a half, Canadian investors have witnessed all kinds of volatility. Any significant news surrounding the pandemic caused surges in some sectors and plunges in others. Even as vaccination numbers increase and we near the country's reopening, volatility remains at an all-time high.

Investing in growth stocks

Growth investors in particular have experienced a bumpy ride over the past 12 months. Many of which, though, have enjoyed lots of market-beating gains.

It's not cheap to invest in the top growth stocks on the TSX today. Many of the growth leaders in the tech sector are trading at price-to-sales (P/S) ratios well over 20. And as the bull run continues, valuations will rise even higher.

If I were a short-term investor, I may be hesitant to pick up shares of a top growth stock today. A broader market pullback, which, I'll add, should be expected at some point, could send some of the high-priced Canadian stocks spiraling downward.

Since I'm a long-term Foolish investor, though, my main focus is on the company's growth potential in the coming decades rather than its valuation today.

Growth investors with a time horizon of a decade or longer should have these two companies at the top of their watch list this month.

Canadian stock #1: Lightspeed

This high-priced tech stock is trading at a lofty P/S ratio of 60 today. You won't find many other stocks on the TSX trading at this kind of valuation. I'd argue, though, that you also wouldn't be able to find many Canadian stocks that can match this company's growth potential over the next five to 10 years.

Lightspeed (TSX:LSPD)(NYSE:LSPD) has been a richly valued stock since it went public in 2019. Since then, shares have risen more than 500%. I know it's trading at a serious premium right now, but I firmly believe it's possible that Lightspeed puts up more than a five-bagger over the next five years.

The company has set ambitious goals for expanding both its product offering and geographic footprint. Management's commitment to reinvesting back into the business is one of the key reasons why investors are so bullish on the company's growth potential. It's also a reason why investors are still picking up shares even though the growth stock is one of the most expensive buys on the TSX today.

Canadian stock #2: goeasy

A stock trading at a P/S ratio above 50 is not an investment that everyone would be comfortable with. If you're looking for market-beating growth at a more affordable price, **goeasy** (TSX:GSY) is a better fit for your portfolio. It's trading a much cheaper forward price-to-earnings ratio of 15.

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Don't let goeasy stock fool you into thinking it can't compete with the top growth stocks on the TSX. Shares are up a market-crushing 100% year to date and 800% over the past five years.

Between these two Canadian stocks, Lightspeed would be my first choice to own. That's because I'm comfortable taking on the risk from the tech stock's high valuation.

For investors that already have a high percentage of their portfolio dedicated to high-priced stocks like Lightspeed, goeasy is a more affordable option for those seeking market-beating returns.

CATEGORY

1. Investing
2. Tech Stocks

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1. Editor's Choice

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