



Shopify Stock: Too Late to Buy?

Description

There's no question that one of the best Canadian stocks of all time is **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). Shopify has only been a publicly-traded stock for a little over six years and has already grown its value and the value of shareholders immensely.

Over just the last five years, the stock has earned a total return for investors of more than 3,000% or a [compound annual growth rate](#) of more than 102%. If you had invested just \$2,500 into Shopify five years ago, that investment would be worth more than \$80,000 today.

This is clearly some impressive growth, and naturally, it has helped Shopify stock garner a lot of attention from investors.

[Tech stocks](#) have the ability to grow extremely rapidly, faster than almost any other sector. Plus, e-commerce is a massive industry that continues to gain popularity and has years of growth potential ahead of it.

So it's understandable that many investors are interested in a high-quality growth stock like Shopify. But at a market cap of more than \$235 billion, you could be wondering if it's too late to buy. So here's what to consider if you're interested in Shopify stock today.

Shopify stock is an incredible long-term investment

When it comes to an impressive business like Shopify, if you're still bullish on the company, then it's never too late to buy. Because the stock is quite expensive, though, you have to be strategic about how you're going to buy it.

The best stocks, which Shopify has proven to be, will grow for years. So if you believe e-commerce will continue to grow and Shopify stock can continue to find ways to expand its operations, then it's worth considering as an investment.

And when the stock looks to be cheap, investors can pull the trigger. For example, during the pullback

in the sector earlier this year, it was a great opportunity for investors to buy the stock.

Shopify got as low as \$1,200, offering an excellent opportunity for investors to take a position. It's these opportunities that you have to wait for if you want to buy a high-quality stock like Shopify that consistently trades with a growth premium.

Investors know it's one of the best stocks you can buy. So it regularly trades with a significant premium.

However, long-term investors who can exercise some patience and have a good understanding of the stock's fair value can use the natural ups and downs of daily trading to buy a high-quality stock like Shopify.

Know the stock's fair value

It's important that even if you don't own the stock if you're waiting to buy it, it's crucial to keep up to date with operations and developments as if you already did own the stock.

For example, earlier this week, **Amazon** announced its intent to create a point-of-sale service directly aimed at taking market share from Shopify, which caused [the stock to sell off](#).

It's these types of events, as well as earnings reports and key announcements the company makes, that investors have to keep up to date with.

So when you see an announcement like Amazon's earlier this week, it's up to you to determine if the sell-off in Shopify stock is warranted. Does that development impact Shopify's fair value? Or is the market overreacting and is the pullback in the stock creating an opportunity to buy?

By having a clear idea of Shopify's fair value and how its business can handle certain headwinds, you can make informed decisions when these opportunities present themselves.

Bottom line

Shopify is still one of the highest potential stocks in Canada. Its massive value means that growth may eventually slow down. However, it should continue to expand its operations for years.

Amazon has already proven that the e-commerce industry is full of growth potential, and the scale that these massive tech giants have has allowed them to become massive in size.

So if you're interested in Shopify, the good news is that it's not too late to buy. In fact, it's one of the top Canadian stocks I'd be looking to buy on a pullback.

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