



Top 3 Stocks That Could Beat Shopify (TSX:SHOP) Next Year

Description

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) has undoubtedly been the most successful Canadian tech stock of the past decade. If you were lucky enough to bet on Shopify stock when it first listed, you'd be sitting on a 5,060% gain right now.

While Shopify has plenty of room to grow further, the growth rate is likely to slow down in the years ahead. The company is simply too big to sustain triple-digit annual gains. This is why growth investors need to turn to tech stocks that are much smaller and growing *faster*.

Here are some top stock picks for the year ahead.

Top telehealth stock

WELL Health ([TSX:WELL](#)) is an obvious choice for this list. The stock has outperformed Shopify over the past five years. Since 2016, the stock is up 6,686%! That phenomenal run has been powered by CEO Hamed Shahbazi's keen eye for acquisitions.

Here's how recent acquisitions have helped it grow:

- INSIG Corporation (acquired in 2020): Helped expand telehealth services.
- CRH Medical (acquired 2021): Helped the company enter the U.S.
- Wisp (acquired 2021): Will enable digital pharmacy services across the U.S.

This list is just the highlights of their recent deals. The team has absorbed tens of small- and mid-sized startups to achieve its current revenue run rate of \$400 million. Meanwhile, the company's market value is still just \$1.5 billion. Healthtech is a multi-trillion-dollar opportunity, and WELL Health's rivals south of the border command a higher premium.

That's why this top stock should be on your list.

Top software stock

Topicus ([TSXV:TOI](#)) is another underrated top pick. Parent company **Constellation Software** spun it off earlier this year. Since February, it's [up over 110%](#). Shopify, by comparison, is flat over that same period.

There are two reasons Topicus is likely to outperform in the years ahead — valuation and target market. Topicus targets European software companies in niche sectors that have robust margins and reliable cash flows. Think of the company as a collector of passive-income opportunities across the continent, where there's little competition.

Meanwhile, the stock is undervalued. The company is currently worth \$5.3 billion, but generates between \$200 and \$250 million in free cash flow (FCF). In other words, the stock is trading at a price-to-FCF ratio of roughly 21. By comparison, Shopify trades at a price-to-sales ratio of 47 and a price-to-earnings ratio of 74. Topicus is stunningly cheaper.

Top FinTech stock

Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) is the final pick on this list. Year to date, the stock is up 77%. That's a better run than Shopify. Lightspeed might also have more room to grow than Shopify. That's because its total addressable market is the global payments sector, not just e-commerce. Payment services in physical retail stores, restaurants, and service centres all add up to a larger market than online retail.

At \$21 billion, Lightspeed is still a mid-sized tech company by global standards. That's one of the key reasons this growth stock should be on your radar.

CATEGORY

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2. NYSE:SHOP (Shopify Inc.)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:SHOP (Shopify Inc.)
5. TSX:WELL (WELL Health Technologies Corp.)
6. TSXV:TOI (Topicus.Com Inc.)

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