



2 High-Growth Canadian Stocks to Buy in October 2021

Description

The Canadian market has been experiencing a selloff as of late, which has not been a common occurrence this year. After beginning September at all-time highs, the **S&P/TSX Composite Index** ended the month down a couple of points. Still, the index is up an impressive 15% year to date.

The [tech sector](#) has been driving much of the gains in the Canadian stock market in recent years. Those gains really ramped up following the COVID-19 market crash in early 2020. The year ended with many tech stocks soaring to all-time highs and largely outperforming the broader market's returns.

With valuations rising, though, it shouldn't come as a total surprise to see tech stocks cool off this year. We've witnessed a renewed interest in value investing as of late. We're seeing that not all investors are willing to pay lofty premiums to own shares of the top growth stocks on the TSX.

In the short term, the tech sector could continue to lag the market's returns for many more months. Valuations are still extremely high for many top tech stocks, meaning that this very well could be just the start of a much larger correction.

As a long-term Foolish investor, though, I'm not overly concerned with the market's performance in the short term. My focus is on finding high-quality businesses that have the potential to deliver [market-beating growth](#) over the long term.

If you're a growth investor with a time horizon of at least five years, these two high-growth tech stocks should be on your radar this month. They're far from cheap, but the two Canadian stocks are trading at a [discounted price](#).

Canadian stock #1: Lightspeed Commerce

At a price-to-sales ratio above 50, **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)) is one of the most expensive Canadian stocks around. Shares are also up a market-crushing 500% since it joined the TSX in 2019, so it's been well worth the risk for investors so far.

A bearish report from an investment research firm sent shares of Lightspeed spiraling in September. The report contained serious allegations that caused a massive selloff. That explains why the Canadian stock is trading 30% below all-time highs today.

At its current valuation, it's certainly not a cheap stock. It is, however, a top growth company that's loaded with market-beating potential that's trading at a significant discount.

If you've been waiting on the sidelines looking for a more attractive entry point, you won't get many better opportunities than this one to become a Lightspeed shareholder.

Canadian stock #2: Shopify

The second Canadian stock on my radar this month is a much more established player in the tech sector.

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) has already grown into a \$200 billion company after going public in 2015. During the incredible bull run that's followed the COVID-19 market crash, Shopify has taken a commanding lead as the largest company on the TSX.

The Ottawa-headquartered tech company is trading at roughly the same valuation as Lightspeed. The valuation may be similar, but I believe the growth potential between the two Canadian stocks differs.

Lightspeed is a much smaller company, so I'd bet that the possibility of earning multi-bagger growth in a short period of time is higher. I believe that Shopify has less growth potential than Lightspeed, based largely on market cap size alone, but Canada's largest public company also comes with less risk.

The \$200 billion company has a strong position in the e-commerce space and is still managing to grow revenue at an impressive rate. As a current Shopify shareholder, I'm still banking on earning market-beating gains for many more years and will gladly add to my position while the Canadian stock is down 20% from below all-time highs.

CATEGORY

1. Investing
2. Tech Stocks

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1. Editor's Choice

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2. NYSE:SHOP (Shopify Inc.)
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