2 of the Best Canadian Growth Stocks to Buy Right Now

Description

The market is trading below all-time highs for the first time in a while. The **S&P/TSX Composite Index** has been trending mostly upwards since April 2020. But after posting a loss in September, the Canadian market is now down 3% from where it was a month ago.

If I were investing for the short term, I'd be hesitant to go shopping for Canadian stocks today. But if you're investing for the long term and can stomach the expected volatility in the coming months, now is an excellent time to put your cash to work.

Investing in growth stocks

Growth stocks in particular have taken a hit as of late. That shouldn't come as a total surprise, as the market's valuation has been creeping into overvalued territory for a while now. So, it was only natural to see higher-priced Canadian stocks drop more than the broader market in September.

It's times like these that it's important to have your watch list up to date. Rather than reacting irrationally to volatile market swings, a watch list helps you focus and make rational decisions while many other investors are panicking.

I reviewed two Canadian stocks that I have on my watch list this month. They're not cheap, but both growth picks are trading at opportunistic discounts right now.

Canadian stock #1: Lightspeed Commerce

The high-flying tech company **Lightspeed Commerce** (TSX:LSPD)(NYSE:LSPD) has had a volatile past month — much more so than the broader market. Shares are down 30% from all-time highs that were set in September.

A bearish report from an investment research firm created a selloff in mid-September. Even with the recent discount, though, the Canadian stock is still up a market-crushing 500% since it joined the **TSX** in 2019.

Valuation is one of the few knocks Canadians have on this top growth pick. At a price-to-sales ratio above 50, not many other companies on the TSX are valued this richly.

The market opportunity in the commerce space is a massive one for Lightspeed. And the opportunity is only growing, as the tech company continues to innovate and enter new markets. It's due to that growth potential that investors are willing to pay a steep premium to be a shareholder.

As long as the stock is priced this high, volatility should be expected. But if you're investing for the long term, volatility alone shouldn't stop you from starting a position today.

Canadian stock #2: Docebo

Docebo (TSX:DCBO)(NASDAQ:DCBO) is another high-priced Canadian stock trading below all-time highs. The growth company is down more than 20% since mid-September. Still, shares are up a market-beating 85% over the past year.

Shares of Docebo have exploded during the pandemic. The sudden rise of remote work created all kinds of demand for the tech company's virtual training platforms, which resulted in multi-bagger growth for the stock in 2020.

It's likely that as we continue to move past this pandemic, we'll see a drop in the number of people working remotely. I'm still very bullish on the long-term rise in popularity of remote work, though.

I believe that the COVID-19 pandemic will have a lasting impact on many aspects of our lives, including our jobs. Even though many of us will eventually return to the office, I'm still betting that the number of employees working remotely, at least part-time, will continue to grow in the coming years.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DCBO (Docebo Inc.)
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3. TSX:DCBO (Docebo Inc.)
4. TSX:LSPD (Lightspeed Commerce)

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