



## 1 Canadian Tech Stock That Turned \$10,000 Into \$500,000

### Description

The stock market is one of your best bets for generating wealth. It may take patience to get there, but a small investment made today can grow into a fortune over time, thanks to the power of compound interest.

There are lots of options when it comes to investing in the stock market. Hands-off investors may be glad to accept a 6-8% annual return from a broad market exchange-traded-fund (ETF). Others may be more willing to spend the time researching companies for a chance to earn returns far more than what an ETF could ever deliver.

The risk with owning individual stocks is that there's the very real possibility to underperform the market. I'd also bank on higher volatility than what you could expect owning a much broader ETF. But if you're willing to take on that risk, there are plenty of **TSX** stocks that have delivered market-crushing gains for years.

## Investing in high-growth tech stocks

The [tech sector](#) has been one of the hottest areas for growth investors in recent years. Particularly in the U.S., tech stocks have led the way for growth investors for most of the past decade. Even during this pandemic, tech stocks surged following the COVID-19 market crash in late March 2020.

What [growth investors](#) need to keep in mind when shopping for their next multi-bagger is valuation. The recent surge in tech stocks during the pandemic has sent valuations high enough for some investors to lose interest in what they perceive as overvalued tech companies. The fact that many top tech stocks are trading far below all-time highs right now is proof of exactly that.

If you're going to own a high-priced tech stock, you'd be wise to have a long-term time horizon. In addition to that, I would be ready for a bumpy ride. If you've checked off both of those boxes, it's time to go shopping for a market-beating stock.

## Canada's largest company

Now valued at a market cap of over \$225 billion, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) has a clear lead as the largest publicly traded company in Canada. The tech stock only joined the TSX in 2015 but quickly grew in size due to its dominance in the e-commerce space.

Shares were trading at about \$30 in 2015 and topped \$2,000 earlier this year. A \$10,000 investment made within the first few weeks that Shopify went public would be worth over half-a-million dollars right now.

It's been a great run for the tech stock, but it's a story that [Canadian investors](#) have seen before. There have been other Canadian tech stocks, such as **Constellation Software**, that have quietly put up market-crushing gains over the years.

## Why I'm still as bullish as ever on Shopify

At a market cap above \$200 billion and a lofty price-to-sales ratio nearing 50, not all growth investors may be eager to start a position in Shopify right now.

The company's size today would make another 5,000% gain over the next six years an incredibly impressive feat. It's also one that I certainly would not bank on. That being said, I don't think this tech stock is anywhere near done delivering market-beating gains.

Shopify is coming off another strong quarter where it's hard to find any part of the business to be bearish on. Aside from valuation, I don't see any reason to bet against this tech company over the next decade.

Revenue continues to grow at a torrid rate with year-over-year quarterly growth reported at 46%. Shopify drove almost as much revenue in its most recent quarter than it did in all of 2019. Add in the projected growth of the entire e-commerce industry in the coming years, and you can see why investors are willing to pay a premium to own shares of this top tech stock.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:SHOP (Shopify Inc.)

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