



Lightspeed (TSX:LSPD): Can the Tech Stock Turn a Corner in 2022?

Description

Some of the best-performing Canadian tech stocks are now [down](#) by deep double digits after a brutal sell-off in fast growers. Indeed, valuation always matters, and while growth investing is more challenging, given future cash flows, growth prospects, and margin trajectories are harder to pinpoint, one must always attempt to estimate a growth stock's intrinsic value. Otherwise, one will be at risk of overpaying, perhaps by a considerable amount over intrinsic value. Indeed, paying-up any price for growth is a risky proposition, but one that can come with incredible returns, as we saw back in 2020. With high-multiple now falling back to Earth, many investors are wondering if now is the time to be a buyer of the dip, or if negative momentum will build up on itself.

Of course, not all companies are built the same. Some may have growth profiles that justify their incredibly lofty multiples. Some may be prone to upside surprises and be worth an even larger premium. After many months of excessive selling, I do think it's a wise idea to put some of the best Canadian tech stocks on one's radar. While catching a falling knife is always a [risky](#) proposition, getting a bit of skin in the game with a dollar-cost averaging (DCA) approach may be a wise idea. That way, investors can average down their cost bases on the way down and not be on the receiving end of what could be a continued sell-off.

When the shorts attack!

In this piece, we'll have a look at one short-seller-targeted Canadian tech stock that lost a major step. Indeed, U.S. short-selling firms setting their crosshairs on Canadian companies has been quite a theme in recent years. While short-seller allegations are horrific for shareholders, they don't always represent "curtains" on a company's ascent. Indeed, short-seller reports are not to be taken as gospel. Still, they must be analyzed so investors can come up with their own takeaways. Often times, shares of a short-targeted firm may not deserve to be sold off so viciously either due to a lack of a "smoking gun" or minor claims that are overblown beyond proportion.

Consider **Lightspeed Commerce** ([TSX:LSPD](#))([NYSE:LSPD](#)), a Canadian tech stock that has been feeling the blow of the shorts of late.

Lightspeed Commerce

Commerce enabler Lightspeed is now down over 65% from its high, thanks in no part to Spruce Point Capital, which targeted the white-hot momentum stock that doubled up many times over since bottoming in March 2020. The firm who was short LSPD stock, claimed that Lightspeed overstated on a number of metrics, ranging from customer count and even TAM (Total Addressable Market). Spruce Point also stated that Lightspeed's reports included "inaccuracies."

Undoubtedly, the report was alarming, and Lightspeed's growth did seem too good to be true. That said, I think it's too soon to tell if it's Lightspeed's or Spruce Point that have the inaccuracies. In any case, prudent investors should stay away from LSPD stock as there just aren't many catalysts baked in going into 2022. Further, Spruce Point seems unlikely to back away anytime soon, and a subsequent short report or public appearance on a financial TV show could apply even more pressure on the name.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:LSPD (Lightspeed Commerce)

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. gsmiley
2. joefrenette

Category

1. Investing

Date

2025/08/21

Date Created

2021/12/14

Author

joefrenette

default watermark

default watermark