

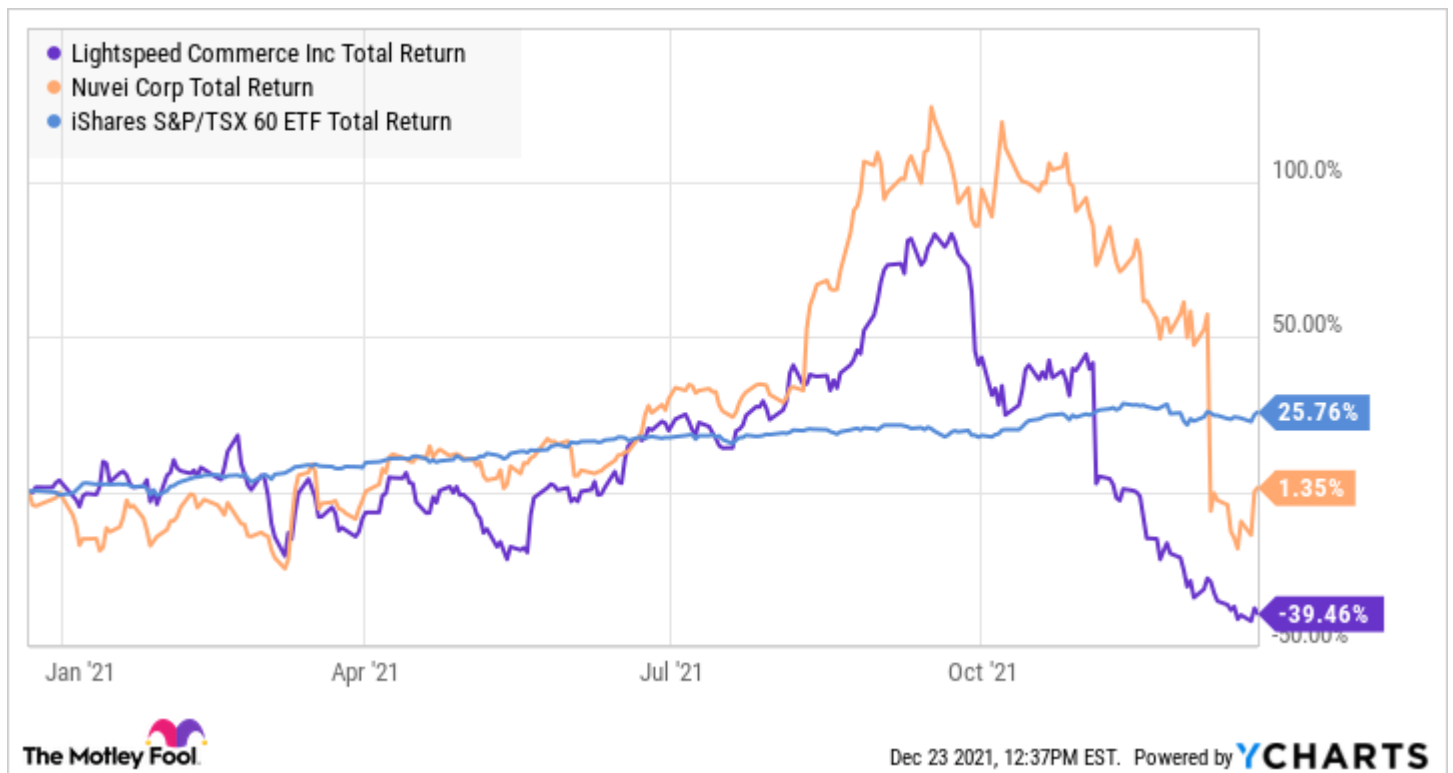


Lightspeed Commerce or Nuvei: Which Is the Better Buy Today?

Description

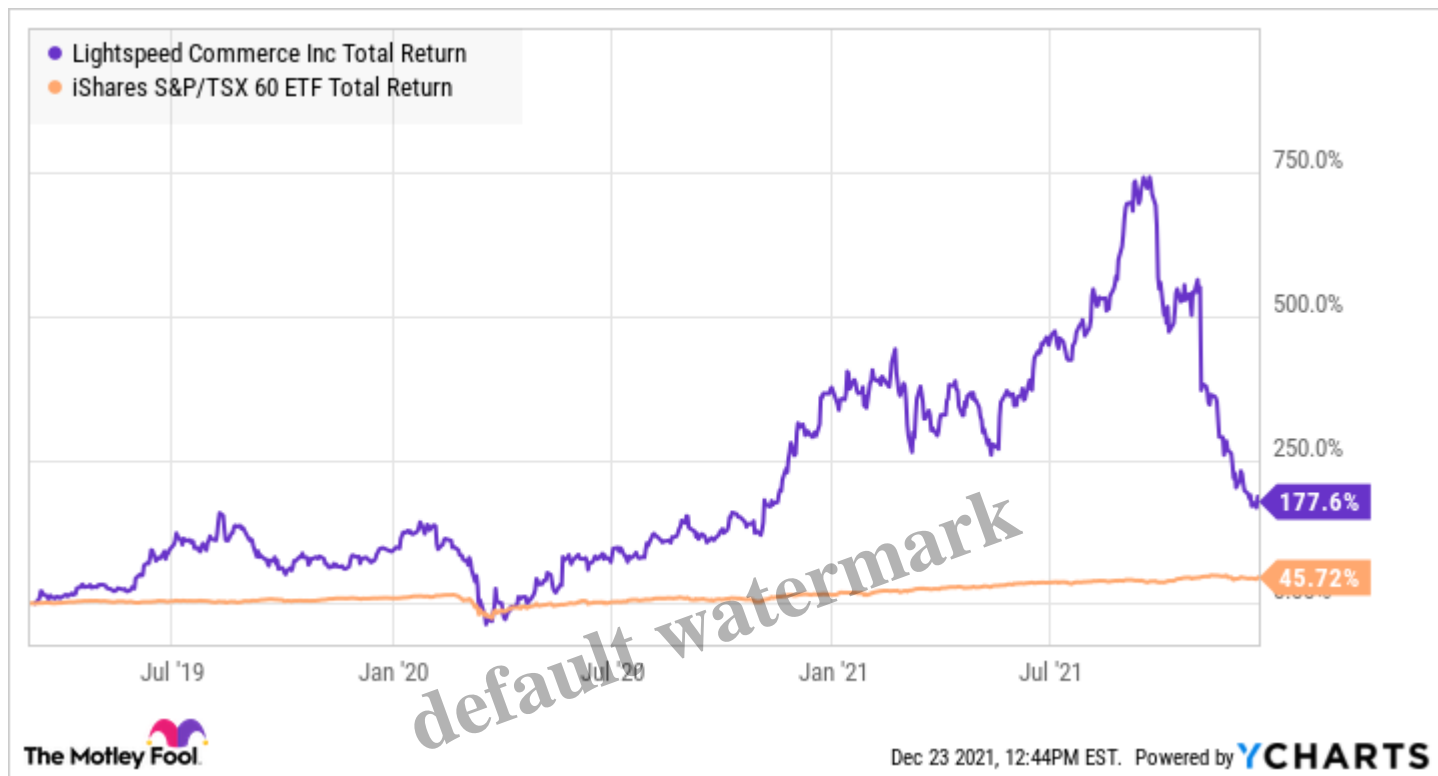
Lightspeed Commerce ([TSX:LSPD](#))([NYSE:LSPD](#)) and **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)) shareholders are destined for a bumpy ride, as that's the nature of high-growth stocks. Both [tech stocks](#) have traveled a long way down from their highs. Lightspeed stock has declined about 68%, while Nuvei stock is down about 56%. However, it's important for investors to not sell out of fear, as the growth stocks should look progressively better when we look at longer time frames.

Here's a chart comparing their one-year total returns to that of the Canadian stock market benchmark. Essentially, the growth stocks have had a run-up, outperforming the market, before crashing down — triggered by short reports.



Total Return Level data by YCharts

Here's a chart comparing Lightspeed stock's one-year total return to that of the Canadian stock market benchmark. I didn't include Nuvei stock here, because it has only started trading since September 2020.



LSPD Total Return Level data by YCharts

Lightspeed stock

Some analysts prefer other growth stocks than Lightspeed because of its lack of organic growth. Here's Teal Linde's opinion on Lightspeed stock from the last week on *BNN*:

"The technology companies that do very well grow organically. **Shopify's** an example of that. The founder of Shopify was selling snowboards. He didn't like the software that was out there for selling snowboards online. So, he created his own; he was a coder. And then other retailers liked his software so he started selling and licensing it to them...

Technologies that grow through acquisitions — one of the biggest challenges they have is integrating on the different types of software. What we observe and talking with the people in the IT industry is that the IT people spend more time working on integration than innovation..."

Teal Linde, manager at Linde Equity Fund

He also noted that the whole payment sector has come off, including stocks like **PayPal**, Shopify, and **Visa**. So, it's hard to tell whether Lightspeed's selloff was company specific or due to the sector correction.

Another analyst who employs a value investing strategy interestingly started nibbling Lightspeed stock recently.

"[Lightspeed stock's] not one we've owned being value investors. We think it's actually a value stock right now so we're picking away at it. It's had a *tremendous* correction [that's] very overdone, which started with some short report, which we went over and completely dismissed... It's still growing tremendously, great margins, adding this payment solution, which is going straight to the bottom line... There's probably a lot of tax-loss selling going on now so it's probably a really good entry point at this level."

Stephen Takacsy, president, CEO and CIO at Lester Asset Management

Nuvei stock

Nuvei stock is also a part of the payment sector. Similar to Lightspeed, it has been caught in a downdraft that's more violent due to a short report by Spruce Point Capital.

Here's commentary from 5i Research: "Usually these short reports are skewed to look as bad as possible. None of the allegations are proven at this time. Just because a stock is down does not mean the report is valid."

"Talk about another frustrating stock. The company's done everything you want it to do — a really strong earnings results. They had a good beat on both revenue and EBITDA, guided forward results higher, and the stock's down about 20% after that report. Nuvei's peers in the payment space have also been under pressure more on the bricks-and-mortar side. Nuvei has a fantastic position with its online verticals really focused on regulated industries and has a business model that allows cross-border transactions, different payment methods, and also the ability to buy their solutions a la carte versus one big solution. So, it's really outpacing market growth by quite a bit..."

Jennifer Radman, head of investments and senior portfolio manager at Caldwell Investment Management

The Foolish investor takeaway

One analyst may be biased. If we look at the analyst consensus 12-month price target, LSPD stock has about 136% upside potential versus Nuvei stock's 92%. So, Lightspeed is expected to deliver greater upside for the M&A risk investors are taking. There's no need to choose. As their upside potential is anticipated to outperform the market, why not divide your capital in both [growth stocks](#)?

CATEGORY

1. Investing

2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:NVEI (Nuvei Corporation)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:NVEI (Nuvei Corporation)

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. kayng
2. kduncombe

Category

1. Investing
2. Tech Stocks

Date

2025/08/25

Date Created

2021/12/24

Author

kayng

default watermark

default watermark