



1 Market-Beating Growth Stock to Buy and Watch in 2022

Description

High-momentum, market-beating stocks can't [outpace](#) the broader market averages forever. That said, many intriguing plays on the TSX seem well positioned to continue outpacing the indices. Undoubtedly, there are a wide range of risks in the new year, but strategic stock pickers with long-term investment horizons can improve their chances of achieving excess risk-adjusted returns (or returns when adjusted for risks taken on).

Undoubtedly, chasing stocks that [outperformed](#) in 2021 isn't a magic formula for achieving more of the same in 2022. As your financial adviser has probably told you many times in the past, performance in the rear-view mirror is no guarantee of results moving forward. Similar disclaimers are broadcast across all sorts of investment products. Chasing gains can leave one on the receiving end once momentum has a chance to reverse itself. We witnessed this with many of the high-multiple speculative tech stocks last year, as rates steadily rose.

Market-beating stocks that can keep on winning in the face of headwinds

With the potential for faster rate hikes (the U.S. Fed is likeliest to raise rates three times in 2022), the priciest growth stocks may yet to have bottomed. Still, they're worth nibbling at on weakness, as many of the highest flyers (think Cathie Wood stocks) have already shed around 40-50% of their value. While they could easily crumble another 40-50% from here if rates make a move towards the 2-2.5% mark, I think that central banks' hawkish tilt is already somewhat baked into the share prices of many higher flyers.

In this piece, we'll have a closer look at one 2021 market beater that I'd be willing to bet will continue its market-beating ways in the new year. It's a name in a class of winners that could keep on winning, not just in 2022 but for many years down the road. And right now, shares have taken a bit of a breather, opening up a compelling entry point for those who want a solid risk/reward over the next year or the next decade.

Shopify

Enter **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), one of the biggest winners over the past five years. The e-commerce stud has put the power in the hands of SMBs (small- and medium-sized businesses), and the rewards for investors have been substantial. Indeed, Tobi Lütke may very well be the best CEO in Canada after yet another strong year that saw shares of SHOP rise a solid 30% year to date. While Shopify's 2021 was far more muted than prior years, I think it's remarkable that the name is still up, given how much pressure high-multiple tech was under for most of the year.

Indeed, Shopify can continue higher, even in the face of sector-based weakness. With a terrific management and room in its corner of the market to blast off, I'd consider buying the latest dip (shares currently down around 16% off highs), as the stage seems set for yet another magnificent market-beating year. Simply put, Shopify can extend its lead next year, as headwinds fade, and the company gets back to what it does best: taking innovation to the next level.

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Author

joefrenette

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