



3 Growth Stocks That Won't Be on Sale for Much Longer

Description

Even with the market up big in 2021, many top growth stocks are trading well below all-time highs right now. [Canadian investors](#) witnessed a rotation out of the high-growth tech sector last year, but the **S&P/TSX Composite Index** still managed to end 2021 up an impressive 20%.

Despite the pandemic entering our lives, and the stock market, in 2020, high-growth tech stocks led the Canadian market to end the year positive. The pandemic was certainly still present in 2021, but growth stocks fared far differently than the year prior. The market as a whole soared over 20% while many top growth stocks, particularly in the [tech sector](#), largely trailed the market's returns last year.

It's very possible that valuations in 2020 spiked too high, too quickly. As a result, those high-flying growth stocks cooled off in 2021, bringing prices back down to reality.

In 2022, I'm prepared for [growth stocks](#) to rebound and once again drive the market to a positive return. Here's a list of three top tech stocks that are all trading at very opportunistic discounts right now.

Growth stock #1: Nuvei

The largest of the three companies on this list, **Nuvei** ([TSX:NVEI](#))([NASDAQ:NVEI](#)), is already beginning to rebound. So, if you're interested in becoming a shareholder, I'd urge you to act fast.

A short report in early December caused the tech stock to plummet. Shares dropped a gut-wrenching 40% in a single day, following the release of the report. But since the stock bottomed out in mid-December, shares are up over 30%.

From a valuation perspective, even with the recent selloff, this is still not a cheap stock. It's priced based on the high expectations that investors have for Nuvei in the coming years.

And at these price levels, investors should expect volatility to be present. Hopefully, there won't be many more 40% drops in a single day. But if you're going to invest in high-growth companies, volatility

should be expected.

Growth stock #2: Enghouse Systems

Enghouse Systems ([TSX:ENGH](#)) ended 2021 down 20%. But similar to Nuvei, Enghouse Systems is already showing signs of life. The tech stock is up just about 10% since mid-December.

Like many other tech stocks in 2020, Enghouse Systems surged following the COVID-19 market crash. Shares at one point were up more than 100% in 2020 alone. Unfortunately, though, the growth stock has not been able to return to the high that it set in mid-2020.

Enghouse Systems still boasts a strong market-beating track record, with shares up more than 75% over the past five years, easily outpacing the returns of the Canadian market.

Shares are also much more reasonably priced than many of the high-flying growth stocks on the TSX. As a result, Enghouse Systems shareholders can expect lower levels of volatility than high-priced growth stocks like Nuvei.

Growth stock #3: Absolute Software

Absolute Software ([TSX:ABST](#))([NASDAQ:ABST](#)) exploded in 2020, ending the year up close to 100%. But after topping out in early 2021, the tech stock is now trading more than 30% below all-time highs. Still, shares are up 90% over the past five years.

Similar to the first two growth stocks on this list, shares of Absolute Software have already begun to rebound. Shares are up 10% since the beginning of December.

Absolute Software's specialization in the cybersecurity industry is why the growth stock is on my watch list. The company focuses on end-point security, which may only be a very small part of the cybersecurity space, but there's nothing wrong with that. The company is doing an excellent job of specializing in a niche but growing market.

With the entire cybersecurity industry only expected to continue to grow in the coming years, long-term investors would be wise to have this under-the-radar growth stock on their watch lists.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

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2. NASDAQ:NVEI (Nuvei Corporation)
3. TSX:ABST (Absolute Software)
4. TSX:ENGH (Enghouse Systems Ltd.)
5. TSX:NVEI (Nuvei Corporation)

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