2 Top Picks to Play the Growth Stock Comeback!

Description

The vicious market correction to kick off the year looks to be drawing to a close, with stocks adding to their gains in yet another up day. Undoubtedly, many bearish critics have been silenced, even as the same slate of risks remain.

Arguably, it's even riskier to be an investor, with higher prices, higher rates, and the same issues to think about. In any case, we were oversold and overdue for a relief rally. That's why it's always a good idea to be greedy as others are fearful. It's not easy, but it can help you gain a slight edge to beat the TSX Index.

Shopify and Docebo: Growth stock comeback in the cards?

Warren Buffett himself has been busy buying of late, and beginner investors should look to buy if they see value names out there that others may be sleeping on! In this piece, we'll look at two beaten-down growth stocks that look like appealing buys on the way up. So, without further ado, let's have a closer look at **Shopify** (TSX:SHOP)(NYSE:SHOP) and **Docebo** (TSX:DCBO)(NASDAQ:DCBO).

Shopify

It wasn't too long ago that Shopify was atop the Canadian stock market. While the stock has surrendered a considerable chunk of its gains, I don't think a bounce back to become number one on the TSX Index is entirely out of the question.

Indeed, many growth stocks that have shed most of their value will not see their highs again. At least not for another decade. I wouldn't group Shopify in that basket. Why? The e-commerce firm is too durable with way too many growth levers it can pull to reinvigorate its growth prospects. Further, a big push into profitability seems inevitable. In any case, Shopify stock isn't nearly as expensive as it looks to stage its rally back above $1,000 per share.

Shopify will never be a deep-value play, even if rates rise much higher from here. At 18.6 times sales, the stock isn't costly if CEO Tobias Lütke and his team can keep executing growth opportunities. Indeed, Shopify has put up a fight, but in due time, investors should expect rivals to have a closer look at the small- and medium-sized business (SMB) corner of digital retail. Can Shopify continue to build upon its moat? I think it can. It's made the right partnerships and investments to justify its hefty multiple, even in a higher-rate world.

Docebo

Docebo is a work-from-home (WFH) play that may be among the best of digital transformation plays that most other investors may not be aware of. The company got a massive boost during the pandemic, but with COVID tailwinds fading, the firm must continue making the right moves to impress. While Docebo probably will never see such tailwinds like those experienced during 2020 ever again, I view the hybrid work trend as a secular tailwind that could unlock massive growth over the next five years.

Demand for productivity tools and platforms is still robust. With an intriguing AI-powered Learning Management System (LMS) product, I would not count the firm out now that it's regained its footing. Big ups and big downs are what you'll get from the name. If I had to guess, the worst is over for shares of the $2.1 billion Toronto-based up-and-comer. Hybrid work isn't going anywhere, and that's where the opportunity lies for a mid-cap tech innovator like Docebo.

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