Millennials: 1 Beaten-Down TSX Tech Stock to Give Your TFSA a Growth Jolt

Description

Growth stocks have been hurting these days, with rates continuing to weigh on their value. The further profits are into the future; the more punishment has been dealt. With the 10-year note flirting with 3%, there's a lot of fear regarding the expensive innovation stocks, many of which traded at valuations that were multitudes higher just a few months ago!

Has the macro environment really changed that much to justify the carnage we've witnessed in the tech sector?

Possibly. If rates rise to 3.25-3.5% or higher, the growth trade could have one last wave of vicious selling, and aggressive dip buyers could get hurt.

On the flip side, there's a chance that the market may be thinking the Fed and Bank of Canada are more hawkish than they are. Further, fear of inflation is almost palpable these days. We've all faced the sticker shock of late. It's not pleasant, and it's inspired many to take action to counter the wealth-eroding effects of inflation.

Are rapid-fire rate hikes already baked into the top growth names?

While it's impossible to tell how many rate hikes will be needed to calm inflation down, I think that peak inflation could cause investors to breathe a collective sigh of relief. And once that happens, it'll be the hardest-hit areas of the market (growth) that will lead the charge come rebound time!

Does that mean growth has bottomed out? Nobody knows this. But if you're willing to tackle volatility head on, I think the risk/reward scenario is starting to get better for young investors willing to hold on for the next 10 years and beyond. There's a lot of fear out there, and there's a good chance that there are babies that have been thrown out with the bathwater within the high-growth tech space.

In this piece, we'll have a look at one that I think young investors could stash in their long-term TFSA portfolios if they seek a growth jolt while prices cool.

Docebo

Docebo (TSX:DCBO)(NASDAQ:DCBO) is one of my favourite Canadian digital transformation plays. The mid-cap tech firm is innovating like it's nobody else's business, with intriguing AI technologies that help firms make the most of the remote-training process. It's not just the rise of remote and hybrid work that has me pounding the table on the name.

It's the great resignation that has many young folks hopping jobs to give themselves raises. Indeed, it's hard to get a raise from your employer, even as inflation rears its ugly head. That's a major reason why job hopping has surged and why demand for LMS (Learning Management Systems) platforms could remain robust, as future workforces are trained from their own homes.

Docebo has enviable clients on board. And I think it's just getting started. Now down 47% from its high, I view DCBO stock as a very intriguing contrarian play for young investors who haven't given up on the growth trade.

The bottom line for Fools

For millennials who can stomach such fluctuations, there's a lot to gain by scavenging the wreckage in the tech scene. Yes, buying the dip in such names is risky business, but higher risks come with higher rewards potential.

Docebo has lost over half its value, and while it could get cut in half again, I like the growth story and fundamentals, which, I believe, can power the firm higher once this growth selloff finally ends. I have no idea when it will conclude, but I think Docebo is one of the many firms that will see new highs at some point over the next five years.

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