1 of Canada’s Fastest-Growing Stocks Just Went on Sale!

Description

The growth trade has soured, and the selloff appears to be picking up traction again, just weeks after it seemed like growth was in the process of putting in some sort of bottom.

Catching bottoms in falling knives can be dangerous. But given how much of the pain is already behind us, I think it’s time for younger, brave investors who have plenty of cash on the sidelines to start scavenging the wreckage, because I think there’s value, as the market pendulum continues swinging against the high-multiple names that made innovation investors like Cathie Wood famous in the earlier stages of the pandemic.

Innovation still matters. But you have to be careful about how much you pay for said innovation. It all comes down to discounted-cash flow analysis. It’s hard to do for growth. There’s no question about that. There’s a lot of room for error because peeking into the future is hard!

Growth stocks will eventually turn, but, for now, it’s nothing but pain!

Nobody can see the future, but as a high-tech growth investor, you’ll need to at least put in some market analysis and evaluate a firm’s growth story. Is it realistic? Will it bring in profits? When will such profits come into play? Could unforeseen competition jeopardize a firm’s slice of economic profits in the future? How much should I be willing to pay, given the macro headwinds today? What about rising rates? These are many difficult questions that growth investors need to ask themselves.

Many growth-focused investors failed to put in the proper amount of homework and just bought growth because shares had considerable momentum behind them. Warren Buffett once said that looking at a price is not investing. At best, I believe it’s speculating. At worst, it’s a dangerous way to put yourself in harm’s way once the market waters turn.

Now that positive momentum has been swapped with negative momentum; I’d argue that reaching out to catch a falling knife seems like a foolish (lower-case *f*) endeavour. But once the tides turn, a considerable amount of gains stand to be made. Nobody knows when or how. But your favourite growth stocks like **Docebo** (TSX:DCBO)(NASDAQ:DCBO) probably aren't going to fall to zero.

In this piece, we'll look at Docebo, a high-growth trade that I think young investors should consider nibbling at as others mash the "sell" button.

Docebo: One of the fastest-growing companies

Docebo stock has nearly been cut in half from peak to trough. The Learning Management System (LMS) company got a massive bid-up during the pandemic, but now that things are normalizing, shares have really sagged. Still, hybrid work is not going anywhere. Docebo's AI-powered offering is still sought after by workforces that have no desire to push employees to return to the office.

Indeed, Docebo is a tough stock to get behind. The stock goes for 15.3 times sales, which is not that expensive, given the magnitude of growth that could be on the horizon. The company was recently named one of the America's "fastest-growing companies of 2022" by *The Financial Times*.

Though the 66% in revenue growth for last year may hit a bump this year, I think it's a mistake to pass up on the name, as shares tumble into the abyss over broader market factors. I think the growth is so powerful that it can shrug off the headwind of higher rates. I can't say the same for most other growth companies.

Docebo stock is a buy in my books at $58 or lower.

CATEGORY

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