1 of the Best Canadian Growth Stocks to Bet on for a Year-End Rally!

Description

Growth stocks have taken a one-two hit to the chin this year. With a rocky start to September, questions linger as to whether this is the start of something far worse, or if the stage is set for further relief going into year's end. Undoubtedly, September has proven a tough month for investors over the years. Still, after the period of seasonal weakness tends to come a period of strength, with the so-called Santa Claus rally that tends to come to town on occasion.

In any case, basing investment decisions on market seasonality or other arbitrary factors is no key to obtaining solid results over the long run. If anything, getting in or out based on what other investors are doing is likely to have a negative effect on your total returns over time. Though September could get uglier, treat such a pick-up in negative momentum as an opportunity to buy more shares of the companies you'd be willing to hang onto for years at a time.

Currently, there's not much for the bulls to go by. The Fed is hiking rates. It's not talking rate cuts yet. Corporate earnings could fade in a big way, as we inch ever so closer to the 2023 recession. Further, the return of bearish commentary is doing long-term investors no favours. As markets stare a recession in the eye, is there any point in being optimistic while others grow pessimistic?

When it seems like nothing can go right, many investors may think markets have nowhere to go but down. However, that's not the case. Markets don't even need a positive catalyst to start heading higher again once a majority of stocks enter oversold territory. Further, inflation and earnings data could prove more promising than many expect. That alone could cause the markets to rally much higher going into year's end.

As we make it through another bear market correction, I'd urge investors not to wait before the tides turn. By then, the best deals will have disappeared.

Currently, **Shopify** (TSX:SHOP)(NYSE:SHOP) seems like a great bargain, as we sail into the unknown.

Shopify

Things have gone from bad to worse for Shopify stock over the last seven months. The tech bubble has burst, and Shopify now finds itself in job-cutting mode. Shopify's big 1,000 layoff made headlines in late July. The cuts continued (albeit at a slower pace) in August, but the firm did hike wages for employees still standing. Indeed, it's a strange situation to be in, as the tech sector folds.

Though Shopify is getting leaner, investors shouldn't expect the firm to continue cutting until it goes into survival mode. The firm needs to continue to be aggressive to stay a beast in the e-commerce market. The pace of acquisitions could accelerate as startup and small-cap valuations in the tech sector retreat.

Shopify has long-term-thinking managers, and they'll be able to ride out one of the worst economic conditions in its history. Looking at the balance sheet, there's around $7 billion in cash and equivalents that could be put to good use, as the firm looks to add to its already wide moat.

Is Shopify sailing into uncharted waters with a 2023 recession up ahead? Definitely. However, there's no better captain than Chief Executive Officer Tobias Lütke. He's a brilliant manager that's worth betting on when the cards are stacked against him and his firm.

At 9.3 times price to sales and 4.8 times price to book, Shopify is the cheapest it's been in years. Another two or three years of headwinds could weigh, but after that, SHOP could be off to the races again.

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1. Investing

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