



Calling All Brave TFSA Investors: 2 Tech Stocks to Buy in a Steep Selloff

Description

It takes a really brave investor to even think about scooping up stocks amid the [bear market](#) wreckage. Stock valuations have gotten much better over the past year. With lowered expectations come more food for the next potential rally. Undoubtedly, the next recession seems like one that everybody, even non-market participants, has had ample time to prepare for.

With the Fed staying on track with its inflation fight, I think expectations are a tad too low. Eventually, rate hikes will stop, and earnings will begin to creep higher again. Now, it's difficult to say how this bear market will stack up historically. Regardless, buying bear markets over time tends to be a [decent](#) call over a long-term perspective.

Indeed, 2023 could be another weak year for investors. But that doesn't mean you can't finish with above-average results, especially if the hardest-hit part of this market begins to calm after spending most of 2022 in severely oversold territory.

Hunting value in the hyper-growth plays

At this juncture, many investors wouldn't dare jump into the market's deep end: the hyper-growth tech scene. Higher interest rates are essentially kryptonite for these types of stocks. Still, the bond market leaves room for optimism. Whether rate cuts will follow another hike or two remains a mystery. Regardless, I think we're closer to peak rates than at this time last year!

If anything, central banks may have the incentive to give high-tech innovators some relief once they're confident enough to announce they've delivered enough blows to slay the dragon of inflation. Over the long haul, it's innovation that can have a longer-term disinflationary impact.

With that in mind, I think it's not too far-fetched to think the Fed will lower the bar on rates once inflation is no longer an issue. Recent data suggests inflation is going back into hibernation. In other words, the bear is heading back to its cave. For now, though, the Fed wants to err on the side of caution and wait until the bear has actually set foot in its cave before pausing and contemplating next steps (potential rate cuts).

Now, I'd never buy a stock with the expectation that rates will peak and come down. However, longer-term, I think there's value to be had in hyper-growth names.

Nuvei ([TSX:NVEI](#)) and **Docebo** ([TSX:DCBO](#)) stand out as innovators that have fallen too hard.

Nuvei: Making the most of a tech wreck

Nuvei is a payment firm that fell more than 80% from peak to trough. That's a huge blow to the gut. But the pain may be nearing the end, with the recent 34% bounce off bottom. Further, Nuvei seems to be making the most of the tough times endured by all of tech. Recently, Nuvei opened up its wallet, committing to buy a U.S. firm Paya in a deal worth US\$1.3 billion. Better yet, Nuvei is using all cash to fund the deal, implying that there's deep value to be had in the battered fintech scene.

I'm a big fan of the deal. Paya is a top payment processor south of the border and could complement Nuvei's assets quite well.

Docebo and the power of AI

As for Docebo, shares are recovering after a nearly 70% fall from peak to trough. The learning management system (LMS) enjoyed work-from-home tailwinds in 2020 and 2021.

Now, the tides are turning lower, but the firm continues to leverage the power of AI to help its clients become more productive. AI is a big deal. Many of us learned of its potential when OpenAI launched its ChatGPT software. As one of the most promising AI players, Docebo is very intriguing for those brave enough to buy hyper-growth while times are tough.

Bottom line

Docebo and Nuvei are great hyper-growth plays for the long run (the next 10 years). Don't expect huge gains overnight, though. Those days are long gone.

CATEGORY

1. Investing

TICKERS GLOBAL

1. TSX:DCBO (Docebo Inc.)
2. TSX:NVEI (Nuvei Corporation)

PARTNER-FEEDS

1. Business Insider
2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. joefrenette
2. kduncombe

Category

1. Investing

Date

2025/06/27

Date Created

2023/01/22

Author

joefrenette

default watermark

default watermark