



3 Top Tech Stocks for 2016 and Beyond

Description

The technology sector is home to some of the highest growth rates in the market today, making tech stocks essential for all long-term investors' portfolios. However, as we all know, it is not always easy finding the right stock at the right price. Well, to make things easier for you, I have scoured the sector and found three very attractive options, so let's take a quick look at each to determine which would fit best in your portfolio.

1. Thomson Reuters Corp.

(All figures are in U.S. dollars)

Thomson Reuters Corp. ([TSX:TRI](#))(NYSE:TRI) is the world's leading source of intelligent information, which it describes as "a unique synthesis of human intelligence, industry expertise, and innovative technology" for businesses and professionals.

At today's levels, its stock trades at just 18.8 times fiscal 2015's estimated earnings per share of \$2.06 and only 16.8 times fiscal 2016's estimated earnings per share of \$2.30, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 42.7, its sub-industry average multiple of 20.3, and the sector average multiple of 21.2.

With the multiples above and its estimated 10.8% long-term earnings growth rate in mind, I think Thomson Reuters's stock could consistently trade at a fair multiple of at least 20, which would place its shares around \$46 by the conclusion of fiscal 2016, representing upside of more than 18% from current levels.

In addition, the company pays a quarterly dividend of \$0.335 per share, or \$1.34 per share annually, giving its stock a 3.5% yield.

2. DH Corp.

DH Corp. (TSX:DH) is one of the leading providers of financial technology, including lending, payments, enterprise, and global transaction banking solutions, to the world's financial institutions.

At current levels, its stock trades at just 13 times fiscal 2015's estimated earnings per share of \$2.36 and only 12.2 times fiscal 2016's estimated earnings per share of \$2.52, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 25, its sub-industry average multiple of 25.2, and the sector average multiple of 21.2.

With the multiples above and its estimated 4.2% long-term earnings growth rate in mind, I think DH's stock could consistently trade at a fair multiple of at least 15, which would place its shares upwards of \$37 by the conclusion of fiscal 2016, representing upside of over 20% from today's levels.

Also, the company pays a quarterly dividend of \$0.32 per share, or \$1.28 per share annually, which gives its stock a 4.2% yield.

3. Open Text Corporation

(All figures are in U.S. dollars)

Open Text Corporation (TSX:OTC)([NASDAQ:OTEX](#)) is one of the world's leading providers of enterprise information management, including content management, business process management, customer experience management, information exchange, and other cloud-based solutions.

At today's levels, its stock trades at just 13.3 times fiscal 2016's estimated earnings per share of \$3.56 and only 12.7 times fiscal 2017's estimated earnings per share of \$3.73, both of which are inexpensive compared with its five-year average price-to-earnings multiple of 27.2, its sub-industry average multiple of 31.5, and the sector average multiple of 21.2.

With the multiples above and its estimated 4.3% long-term earnings growth rate in mind, I think Open Text's stock could consistently trade at a fair multiple of at least 15, which would place its shares around \$56 by the conclusion of fiscal 2017, representing upside of more than 17% from current levels.

In addition, the company pays a quarterly of \$0.20 per share, or \$0.80 per share annually, giving its stock a 1.7% yield.

Which of these tech stocks fits your investment needs?

Thomson Reuters, DH Corp., and Open Text are three of the top long-term investment options in the tech sector today. All Foolish investors should take a closer look and strongly consider initiating positions in one of them before the end of the year.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. NASDAQ:TRI (Thomson Reuters)
3. TSX:OTEX (Open Text Corporation)
4. TSX:TRI (Thomson Reuters)

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Date

2025/07/04

Date Created

2015/12/16

Author

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