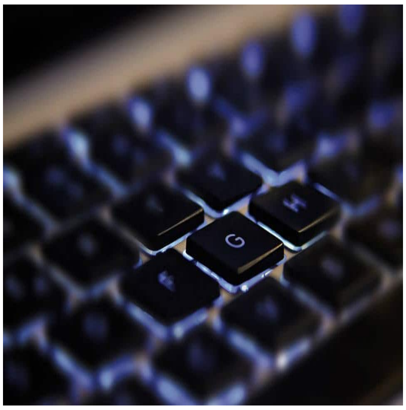

Growth Investors: This Canadian Tech Company Is up More Than 26% Year to Date!

Description

The technology sector is one which has provided growth investors with excellent returns in recent years, spurred by improving top- and bottom-line fundamentals and growth related to the need for industries to continue to look for technological solutions to problems that may have otherwise been solved manually. In the video surveillance industry, companies have continued to shift toward hardware-focused models toward higher-margin software development, spurring margin growth and improving the long-term outlook for the sector.

This past week, Canadian surveillance technology firm **Avigilon Corp.** (TSX:AVO) announced it agreed to be bought by **Motorola Solutions Inc.** (NYSE:MSI) for $1.2 billion in cash, or $27 per share. Shares of Avigilon have since hovered right around the $27 level, closing at exactly $27 on Friday. This acquisition has valued shares of Avigilon at an 18% premium to Thursday's price — a significant premium for investors who'd bought shares of the camera and software maker last year.

In September, I'd suggested investors consider Avigilon as a long-term investment due to the company's improving fundamentals and margins following a shift toward becoming a software-centered firm. Since that article was published, shares of Avigilon have increased more than 50%, providing investors with a nice short-term gain. With a number of underlying factors I believe will take Avigilon higher in the long term, investors looking for exposure to Avigilon will be forced to buy shares in parent company Motorola, an industry giant with very different fundamentals and a much broader scope of operations.

Instead of jumping on shares of Motorola, I suggest investors consider another Canadian technology company that has also made the shift away from hardware and toward becoming a pure-play software company: **BlackBerry Ltd.** (TSX:BB)(NYSE:BB).

BlackBerry has continued to focus on the autonomous vehicle segment, engaging in a number of partnerships and investments that should continue to strengthen the company's competitive position in this high-growth segment over the long haul. With a balance sheet that has continued to improve, and a significant amount of growth potential, which I believe has not been accurately priced in to

BlackBerry’s valuation, investors have another excellent Canadian tech name to consider as a long-term growth option in the burgeoning software space.

With valuation multiples remaining steep in the technology sector, investors should remain cautious and buy stocks such as BlackBerry on any weakness moving forward. I would recommend taking a dollar-cost averaging approach to long-term growth investments in such companies, investing small amounts of money over time to take advantage of the potential capital appreciation in this sector.

Stay Foolish, my friends.

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2. Tech Stocks

POST TAG

1. Editor's Choice

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