



## Mild, Medium, and Hot: 3 Tech Stocks to Buy

### Description

Fool contributor Jason Phillips [discussed](#) his three favourite Canadian tech stocks to buy in April. Remarkably, none of them is on my list of three tech stocks to buy despite the fact I like all three of his stock picks.

Don't believe me?

I last wrote about **Open Text Corp.** ([TSX:OTEX](#))([NASDAQ:OTEX](#)) in [April](#); **Tucows Inc.** ([TSX:TC](#))([NASDAQ:TCX](#)) in [February](#); and **Shopify Inc.** ([TSX:SHOP](#))([NYSE:SHOP](#)) in [March](#).

I was positive on all three stock picks, which says as much about the good things happening in the tech sector in this country as it does about the specific tech stocks that Fool contributors are recommending.

No longer are there just a handful of tech stock opportunities to choose from.

The three tech stocks I'm recommending come with ratings of mild, medium, and hot. While they're all good to own, the spicier the stock, the better the investment, in my opinion.

### The mild tech stock to own

One of the most disappointing IPOs of the last few years has got to be Toronto-based **Real Matters Inc.** ([TSX:REAL](#)) which went public in May 2017 at \$13 a share. It's now trading below \$5 at the time of writing.

On May 28, **Canaccord Genuity Group Inc.** analyst Robert Young discussed the most recent problems affecting the financial software company. Due to circumstances beyond the company's control, the mortgage-refinancing software deal with a Tier 1 U.S. bank announced in early May had to be put on hold due to problems with Real Matters' customers' internal processes.

However, despite the fact that the deal isn't a big one financially, the mere mention of Tier 1 had investors scurrying for the exits. Real Matters' stock dropped 23% on the news.

The news didn't phase Young, however. He remains confident that it will continue to grab business from Tier 1 and Tier 2 U.S. banks over the next 12-24 months. Currently, its enterprise value is 2.4 times its 2019 revenues, less than half that of its peers. He's got a \$12 target price on the stock and reiterated that when discussing Real Matters' short-term issues.

CEO Jason Smith continues to buy its stock. There are plenty of reasons why executives sell stock, but only one reason why they buy it: in their view, it's cheap.

### **The medium-tech stock to own**

Just around the corner from where I live in Halifax is the **CGI Group Inc.** ([TSX:GIB.A](#))([NYSE:GIB](#)) regional office. Every time I drive by, it reminds me that I haven't written about the tech company in a while.

And then I remember a damming piece I wrote about CGI in March, [suggesting](#) that it pays too much to repurchase its shares. That's a subjective call, mind you, so it's possible that other investors don't see a problem with the company's buyback practices.

As a business, however, I think it makes a good long-term buy, as do several other Fool contributors, including Karen Thomas, who recently wrote about CGI.

"CGI is still a cash machine. Cash from operations [Q2 2018] increased 16% to \$425.6 million, or 14% of revenue, and, after capex and acquisitions, free cash flow was \$383 million, 13% of revenue," Thomas [wrote](#) on May 4. "At this point in time, CGI still has a big opportunity to continue along its growth trajectory, with a focus on higher-margin business, further increasing the company's margins over time."

If Spotify is a growth stock and Real Matters is a value stock, CGI is definitely a blend worth holding for the long haul.

### **The hot tech stock to own**

If Shopify is hot in 2018, up 47% year to date through May 29, **Ceridian HCM Holding Inc.** ([TSX:CDAY](#))([NYSE:CDAY](#)) is even hotter, up 58% since going public a little more than a month ago. In case you're wondering, that's an annualized rate of return of almost 700%.

I was a big [believer](#) in Ceridian's IPO because of its Dayforce HR software platform, which helps companies of all sizes manage their personnel from recruitment through retirement and every stage in between using a cloud-based subscription service.

The recurring revenue potential is phenomenal. While Shopify offers the same subscription model to its customers, I see bigger things ahead for Ceridian primarily because HR is such a massive industry, and those who do it well could win a lot of business relatively quickly.

Plus, Ceridian CEO David Ossip is as good as they come.

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## TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. NASDAQ:TCX (Tucows)
3. NYSE:CDAY (Ceridian HCM Holding Inc.)
4. NYSE:GIB (CGI Group Inc.)
5. NYSE:SHOP (Shopify Inc.)
6. TSX:GIB.A (CGI)
7. TSX:OTEX (Open Text Corporation)
8. TSX:SHOP (Shopify Inc.)
9. TSX:TC (Tucows)

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