



## 2 Tech Stocks to Own in October

### Description

Investors seeking growth potential in 2018 have probably been lured by the performance of [cannabis stocks](#) in recent months. The August and September run for the cannabis sector has been impressive, but Canadian investors interested in diversification should turn their eyes to another sector that has put up good numbers.

The S&P/TSX Composite Technology Index has climbed just under 24% in 2018 as of close on September 26. Tech stocks make up less than 5% of the benchmark in small or large caps. Canadian tech companies also dwarf their American counterparts in terms of market cap and media coverage. As we move into October, Canadian investors may want to reorient their portfolios. If so, tech stocks are a [fantastic target](#) before 2018 comes to an end.

Today, we will look at two stocks that could electrify your portfolio going forward. The early fall could be an opportune time to jump in, especially as industrials, which have been the second-best performing sector on the TSX, could be in for a choppy season pending the results of ongoing trade negotiations. The tech sector should still be relatively sheltered from the potential blowback.

### Real Matters ([TSX:REAL](#))

Real Matters is a Markham-based network-management services provider for the lending and insurance industries. This stock represents the highest risk of the two we will cover today. Shares have already plunged 50.8% in 2018 as of close on September 26. Considering its still-solid outlook, Real Matters is a potential buy-low target.

Real Matters stock took a big hit in May after it announced that a software sale to a major U.S. bank had been cancelled. This would have represented the company's first sale to a tier-one U.S. bank. Even with this disappointment, Real Matters has maintained its full-year outlook.

The company released its third-quarter results on August 8. Net income rose 9.7% to \$0.9 million, while consolidated revenues fell 3.2% to \$73.5 million. For the first nine months of 2018, the company reported a net loss to \$1.5 million, representing an 18.4% increase from the prior year. Adjusted net income rose 3.2% to \$5.2 million. Real Matters expects consolidated revenue margins to improve in

the fourth quarter due to revenue mix.

### **Kinaxis** ([TSX:KXS](#))

Kinaxis is an Ottawa-based provider of software solutions for supply chain planning. Shares were up 27.4% in 2018 as of close on September 26. The stock is up over 650% since its initial public offering in June 2014.

Kinaxis posted a very respectable second quarter in which it saw 24% growth in subscription revenue and reported a 12% year-over-year increase in adjusted EBITDA. On September 5, Kinaxis announced that it had formed a strategic supply chain consulting partnership with QUNIE Corporation, which is based in Japan. The company has made solid inroads after losing a significant Asia-based customer in the middle of 2017. Earlier this year, it was selected by **Toyota Motor Corp.** to manage its automotive demand and supply chain.

### **CATEGORY**

1. Investing
2. Tech Stocks

### **TICKERS GLOBAL**

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