TFSA Investors: 2 Stocks to Buy As Turbulence Hits the Tech Sector

Description

Equities in the technology sector have suffered a broad retreat in the United States and Canada in the most recent global stock market sell-off. Paul Meeks, a former tech fund manager for Merrill Lynch, has said that this movement among U.S. tech stocks represents "a shift from growth to value."

"That's going to continue for some time," he said on CNBC. "Pressuring these tech stocks almost regardless of what these companies say in their upcoming quarterly earnings report."

Canada's tech sector is dwarfed by its southern neighbour, but it has still made a considerable impact over the past several years. Today we'll look at two Canadian tech stocks that have dipped during the global rout. Both are worth consideration for investors looking long-term today.

Kinaxis (TSX:KXS)

Kinaxis stock had dropped 5.6% over the past month as of late afternoon trading on October 18. Unfortunately, for investors looking to get in early on a potential buy-the-dip opportunity, Kinaxis stock has also surged 9% week over week. Still, the stock is worth a look ahead of its third-quarter earnings release expected in early November. Kinaxis reported 24% growth in subscription revenue in the second quarter and adjusted EBITDA climbed 12% year-over-year to $11.2 million.

According to Meeks, technology companies involved in specific spaces will continue to thrive."There are always going to be scattered names, whether they be FANG or others typically in the internet space – typically tied in some way to cloud computing – that will do quite well."

Kinaxis' flagship RapidResponse product is offered on the cloud. The company offers its software solutions for supply chain management and sales and operation planning. This technology is increasingly sought-after as companies look to modernize supply chains in a globalized world. Trade complications should only boost the value of the kind of product that Kinaxis offers.

BlackBerry (TSX:BB)(NYSE:BB)

BlackBerry has been a frustrating and volatile hold in 2018. Shares were down 9.7% in 2018 as of late afternoon trading on October 18. The company has come a long way since re-orienting to software, while also maintaining a much smaller hardware footprint. It has carved out a solid market share in the burgeoning cyber security market and has also moved into autonomous vehicle software.

The company released its fiscal 2019 second-quarter results on September 28. Total non-GAAP software and services revenue climbed 1% year-over-year to $197 million. About 81% of software and services revenue in the second quarter was recurring.

BlackBerry re-affirmed its outlook for the full-year in fiscal 2019. It expects software and services billings growth to be double-digits and has also forecasted software and services revenue growth between 8% and 10%.

Blackberry stock reached a 52-week low of $11.92 during last week's trading. The company still boasts attractive growth potential, but investors will have to stomach its volatility if they have their eyes on long-term rewards.

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