



3 Canadian Tech Stocks Every Growth Investor Should Know About

Description

Some [Canadian tech stocks](#) are still offering high returns to investors with the nerves to stay invested for the mid- to long-term. From online retail to oil rig technology, here are three of the most intriguing stocks a high-growth investor should know about in the TSX index tech sector at the moment.

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#))

With a share price that's been on the up since December and three-year returns of 639.2%, Shopify is one of the most interesting high-powered tech stocks on the TSX index. Having gained 7.49% in the last five days at the time of writing, and with a 24.3% expected annual growth in earnings, Shopify should be on the watch list of any high-growth aficionado.

Newcomers to this stock still have to weigh a couple of red flags, however, such as overvaluation (signified by a high P/B ratio of 10.9 times book), and the fact that there has been some steady inside selling over the last 12 months. Still, if you don't mind paying almost 11 times what this stock is worth in terms of real-world assets, and if insider confidence (of lack thereof) doesn't sway you, this is one to stack for the upside.

The Descartes Systems Group ([TSX:DSG](#))([NASDAQ:DSGX](#))

On a tear since the start of the year, TSX index tech stock champion The Descartes Systems Group has seen five-year returns of 184.1%. With a low debt level of 4.8% of net worth indicating a healthy balance sheet, and a steady, if pedestrian, track record, The Descartes Systems Group would suit a mid-range investor with a low tolerance for risk.

The Descartes Systems Group's one-year past earnings growth of 16.4% matches the industry average exactly for the same period, but just trails its own five-year average of 19.3%. Meanwhile, overvaluation is indicated by a high P/E of 85.7 times earnings and P/B of 5 times book. Growth investors will have to weigh up whether they are willing to buy in at this level.

Pason Systems ([TSX:PSI](#))

Pason Systems' one-year past earnings growth of 149.9% makes this intriguing TSX index ticker a top outperforming [crossover tech stock](#) in the oil and gas space. While a 6.8% expected annual growth in earnings is on the low end of the spectrum, an expected three-year ROE of 23% is significant for the TSX index. Meanwhile, more shares have been snapped up than shed by Pason Systems insiders over the last three months.

Though Pason Systems' returns have been a lowly 10.4% for the past year, this still beats the Canadian energy market, to which this stock belongs. It's arguably only secondarily a tech stock, after all, operating extensively in the oil rig space, and is often classed as an energy stock; however, it made this list due to its production of instrumentation (such as displays and computers) and data management tools (such as control and guidance systems).

The bottom line

Investors with a taste for high returns have two decent choices in Shopify and The Descartes Systems Group. Meanwhile, passive income investors have an interesting play in Pason Systems, a sturdy, debt-free stock that pays a stable dividend yield of 3.75%. However, would-be buyers tempted by this crossover tech/energy stock will have to take into consideration somewhat high market fundamentals, such as a P/E of 27.3 times earnings and a P/B of 4.5 times book.

CATEGORY

1. Dividend Stocks
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4. Stocks for Beginners
5. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:DSG (The Descartes Systems Group Inc)
4. TSX:PSI (Pason Systems Inc.)
5. TSX:SHOP (Shopify Inc.)

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Date

2025/07/08

Date Created

2019/03/20

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