



Tech and Weed: This 2-Stock Combo Packs a Punch

Description

Tech and weed are starting to look like less strange bedfellows than they did this time last year, with solid returns in both industries and a raft of solid stats in some outperforming stocks. Let's take a look at two of the best-matched tickers in these sectors and see why they get the thumbs up.

The sky's the limit for this cloud-based tech ticker

Offering a subscription service for supply chain management solutions, with software based in the cloud for added usability and security, **Kinaxis** ([TSX:KXS](#)) is one of the [leading tech stocks](#) on the TSX index. Nevertheless, it saw its share price drop precipitously after an earnings update back in November but started to see a recovery as quickly as the following month. Since then, Kinaxis has seen its share price rise and fall, leading to the current value opportunity.

Indeed, down by a significant 4.29% in the last five days, tech fans waiting for a pullback may be in luck, with its current overvaluation still something of a concern. Indeed, from a high P/E ratio topping 100 times earnings and trading at almost eight times its book value, Kinaxis is anything but cheap. Still, every stock exchange has its outlandish market ratios, and not every wayward P/E signifies an off-limits purchase.

Kinaxis is expected to make efficient use of shareholders' funds in the future, with a projected return on equity of 22.2% over the next three years. A strong play if you're also looking to add exposure to the growing field of [artificial intelligence](#), Kinaxis has managed to deliver 46.7% year-on-year earnings growth over the past five years. Despite high market ratios, there's a potent mix of future performance indicators and healthy balance sheet stats.

Add a top pot stock to make your portfolio pop

Up 7.34% over the past five days and with year-on-year returns of 122.1%, **HEXO** ([TSX:HEXO](#)) is an outperforming stock worthy of a growth investor's mid-term portfolio. Though its P/B ratio of 4.6 times the book value is higher than the standard TSX index stock, HEXO is still relatively better valued than

some other high-profile pot stocks.

What's of particular note here is that HEXO is up while the cannabis sector on the whole is down; this indicates a good entrance weed stock for the newcomer, with the kind of upward momentum that should bring quick rewards. Indeed, having almost doubled since the start of the year, it's recently been given a "buy" signal by no less an institution than the **Bank of America**.

The bottom line

The cloud-based tech stock pairs nicely with what is widely held to be one of the leading weed stocks to make a powerful pairing for growth investors. A strong balance sheet and sturdy 25.7% expected annual growth in earnings make Kinaxis a sensible addition to a tech stock portfolio, even though it's not exactly a bargain. Meanwhile, adding a weed stock like HEXO, with its 89.5% projected growth in earnings over the next one to three years, would make for a powerful tag team.

CATEGORY

1. Cannabis Stocks
2. Investing
3. Tech Stocks

POST TAG

1. Cannabis

TICKERS GLOBAL

1. TSX:HEXO (HEXO Corp.)
2. TSX:KXS (Kinaxis Inc.)

PARTNER-FEEDS

1. Msn
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