



TFSA Investors: Invest in Cyber Security in 2020!

Description

In the summer of 2018, I'd explained why investors should look to own equities in the [cyber security space](#). There is intensifying pressure on public and private sector entities to improve security in this sphere, as cyber threats have grown more sophisticated and damaging over the course of this decade. The United States and other top militaries have carved out entire divisions dedicated to cyber warfare and defence.

Cybersecurity Ventures recently projected that global spending on cyber security products and services would exceed \$1 trillion over the five-year period from 2017 to 2021. **Microsoft** is set to invest more than \$1 billion annually in cyber security going forward. Big Tech are not the only entities spending big bucks on cyber security; banks are increasingly [spending more to combat risks](#) in a digitalized financial environment.

So, what is the best way to invest in cyber security right now? Canadian investors can jump into the **Evolve Cyber Security ETF** ([TSX:CYBR](#)), which offers broad-based coverage in the cyber security sector. The ETF has climbed 27% in 2019 as of close on July 23. Some of its top holdings include **Fortinet**, **Palo Alto Networks**, and **Zscaler**, which is a global cloud-based information security company.

Many Fool readers prefer to focus on individual equities. With that in mind, below are two stocks that are well positioned to thrive as the cyber security market trends upward.

BlackBerry ([TSX:BB](#))([NYSE:BB](#)) has managed to complete its turnaround into the software space on the back of its top-end cyber security offerings. Shares of BlackBerry have dropped 23% over the past three months as of close on July 23. The plunge looks overdone after a solid earnings report, with most of the pessimism stemming from concerns over BlackBerry's competitors.

In late 2017, BlackBerry launched a cyber security consulting service. The company has won contracts with governments around the world, including the U.S. federal government, to provide encryption for phone calls and text messages. This year, BlackBerry completed its acquisition of Cylance. It aims to leverage its cyber security and AI-based solutions to bolster BlackBerry's product offerings.

The stock had an RSI of 40 at the time of this writing, which puts BlackBerry a bit outside of technically oversold range. I still like BlackBerry priced near 52-week lows.

Absolute Software (TSX:ABT) is a Vancouver-based company that provides endpoint security and data risk-management solutions for commercial, healthcare, education, and government customers. Shares of Absolute Software have dropped 13% over the past three months. The stock has only climbed 1.3% in 2019 so far.

In its third-quarter 2019 report, Absolute reiterated its intention to leverage its advantage in endpoint resilience. The company reported a 7% year-over-year increase in revenue to \$24.9 million as commercial recurring revenue rose 8% to \$24 million. Adjusted EBITDA in the year-to-date period posted growth of 136%.

Absolute Software has averaged annual returns of 5% over the past five years. We're looking at modest growth into the next decade, but its position in this growing market makes it an attractive target. The stock also offers a quarterly dividend of \$0.08 per share, which represents a very solid 4.1% yield.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:ABST (Absolute Software)
3. TSX:BB (BlackBerry)
4. TSX:CYBR (Evolve Cyber Security Index Fund)

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Author
aocallaghan

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