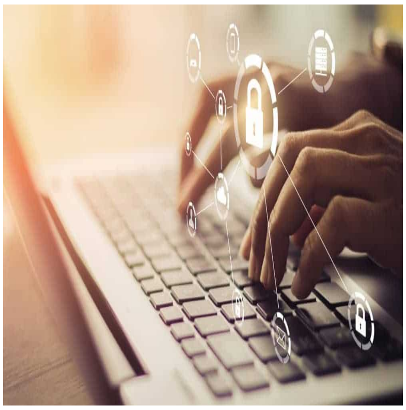

These TSX Tech Stocks Soar on Canadian Foreign Direct Investment Surge

Description

This week, Canada announced its most significant inflow of foreign direct investment in four years. International trade tensions from U.S. president Donald Trump's trade war seem to be paying off for Canada.

Big U.S. industries that rely on cheap Asian labour like technology will continue to suffer throughout Donald Trump's remaining term in office. This is good news for Canadian technology companies like **Constellation Software** (TSX:CSU).

Savvy investors know that Constellation's high price is due to the company's strong earnings and safety. If Constellation is too pricey, however, there may be another option: **Open Text** (TSX:OTEX)(NASDAQ:OTEX). Open Text sells for just over $50 per share and offers a higher dividend yield than Constellation.

Constellation shares increase on trade war fears

During last month's bear market, amid recession fears and Trump's aggressive trade negotiation tactics with China, Constellation's share price rose about 3.5%.

The company reported earnings per share of $6.49 for Q2 2018 on August 5. Although the profits were an overall miss from analyst expectations of $7.25, the decline in the stock price of 10.48% represented an overall buy opportunity.

Shareholders who took advantage of the temporary decline in price and increased their positions have already earned over an 11% return on the investment.

Is now still a good time to invest?

Because Constellation Software is one of Canada's most profitable technology companies, the dividend yield is only 0.41%, and the share price currently rests at almost $1,300. Constellation is still an excellent investment, but dividend investors may want to focus more on Open Text. At its current price, Open Text still returns to investors a dividend yield of 1.79%.

Open Text is a profitable Canadian technology corporation with room to benefit from the U.S. trade war with China. Moreover, the stock is in a defensive position as a B2B software company in a growing field. Open Text offers a sophisticated artificial intelligence and analytics platform running off the open-source platform Apache Spark.

Open Text's stock price has lost around 9% of its value this past month, representing a buying opportunity for long-term value investors.

Invest on the market lows

Tax-Free Savings Account (TFSA) investors should invest on the stock's lows. If a company is profitable, offers a dividend, and has suffered a decline in market value, the chances are that the stock is a safe buy. Open Text's decline in market value this past month was a temporary stock price correction.

Long-term dividend investors should consider Open Text an excellent investment, especially while foreign investment in Canadian enterprises soars.

Foolish takeaway

Constellation Software is an excellent investment for investors with enough capital to afford the price tag. The price tag and low 0.41% dividend yield is the cost of a safe, profitable venture.

TFSA investors who may not have the cash to afford a share in Constellation could benefit more from opening a position in Open Text. Open Text has a more affordable share price at under $60, and it offers a dividend yield of 1.79%. Remember: dividend yields are the interest rate on your investment — and profitable companies should always offer consistent returns to shareholders.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners
4. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:OTEX (Open Text Corporation)

PARTNER-FEEDS

1. Business Insider
2. Msn

3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Dividend Stocks
2. Investing
3. Stocks for Beginners
4. Tech Stocks

Date
2025/08/25
Date Created
2019/08/30
Author
debraray