



TFSA Investors: 3 Top Tech Stocks to Supercharge Your TFSA

Description

Would you like the value of your TFSA portfolio to increase fast? The Canadian technology sector, while being much smaller than the U.S. tech sector, has a few high-growth tech companies that deliver high returns. **Constellation Software** ([TSX:CSU](#)), **Quarterhill** ([TSX:QTRH](#)), and **Shopify** ([TSX:SHOP](#)) ([NYSE:SHOP](#)) are among the best-performing tech stocks.

Let's look at each of these companies to see what makes them good buys for your TFSA.

Constellation Software

Constellation Software is a diversified software company headquartered in Toronto. It provides customized software and services to a select group of industries in the public and private sectors.

Constellation is a serial acquirer that has made a name for itself by purchasing small vertical market software companies serving niche segments and industries in addition to larger occasional purchases.

On January 16, Constellation was named the top volume acquirer of software companies for 2019. The company made a record number of acquisitions via its subsidiaries.

The stock has been climbing steadily for years, surpassing the \$1,000 per share mark in 2018. It is now trading around \$1,470. The stock has jumped by about 50% over one year and by 17% since the start of the year.

Revenues and earnings are expected to grow at a rate of around 15% per year for the next few years. The growth-by-acquisition company pays a small dividend that currently yields 0.3%.

Quarterhill

Quarterhill focuses on the disciplined acquisition, management, and growth of businesses in dedicated technology areas, including vertical market software and solutions, intelligent industrial systems, and innovation and licensing.

Quarterhill finds acquisition opportunities at reasonable valuations that provide a basis for recurring revenue, predictable cash flow, profitable growth, and dedicated management teams.

Quarterhill is a small player in the Canadian tech sector, with a market capitalization of \$240 million. It has high revenue growth and low debt with a three-year revenue CAGR of 12.7% and a debt-to-assets ratio of 3.2%. Earnings are expected to grow at an average annualized rate of 20% in the next five years.

The stock has soared 60% over one year and 20% year to date, but is still very [cheap](#), as its five-year expected PEG ratio is only 0.4.

What's also interesting about Quarterhill is that it pays a dividend, which is rare among tech companies. The company pays a quarterly dividend of \$0.0125 per share that yields 2.5%.

Shopify

Shopify is the kind of stock that can really give your TFSA a welcomed boost. The stock has a one-year CAGR near 180%, and it has already gained more than 20% year to date.

Shopify sells ready-to-use e-commerce solutions. Revenue growth comes from two main segments: subscription solutions and merchant solutions. Revenue is increasing at a rate of around 40% per year. Earnings are expected to grow by about 60% per year in the next five years.

The Canada-based e-commerce service provider's success can be attributed to a wide range of tools that make it easy for store owners to run their businesses. Today, many companies are choosing to bypass brick-and-mortar stores at all levels and are increasingly selling products directly to customers online.

According to a recent research article by investment bank R.W. Baird, Shopify will soon surpass **eBay** to become the second-largest U.S. e-commerce platform behind **Amazon** in terms of [sales volume](#) generated by merchants using Shopify services.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)

2. TSX:CSU (Constellation Software Inc.)
3. TSX:QTRH (Quarterhill Inc.)
4. TSX:SHOP (Shopify Inc.)

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