



## TFSA Investors: Where to Invest \$6,000 Amid a Market Crash

### Description

Many tech stocks were notably weak in the last month, despite being indirectly related to the pandemic. Being in a high-growth industry, tech stocks generally exhibit high volatility during the turbulent times. However, they are faster to recover as well when broader markets rebound.

### Market crash: An opportunity for long-term investors

**Absolute Software** (TSX:ABT) is one such stock that has fallen more than 25% in the same period. It fell to a 52-week low last week and continues to linger around those levels. This could be a worthy opportunity for long-term investors.

Absolute is a Vancouver-based top cybersecurity company that has more than 12,000 customers across the globe. It is already a global leader in endpoint security technology. While the information technology has continued to gain importance in our daily lives in the last several years, one thing that attained equal or even greater importance was cybersecurity.

As the number of cyber thieves grows, it also increases the significance of companies like Absolute. Corporations are willing to spend hefty sums on data protection and safety from cyberattacks, which is a big positive for Absolute.

According to a company presentation, in 2012, companies spend around \$60 billion on data security, while the number is expected to reach \$134 billion by 2022. Thus, [Absolute sees immense growth potential](#) in the business over the next few years.

In the last three years, Absolute reported average revenue growth of lower single digits, which might not interest investors. However, in fiscal 2018 and 2019, its net income more than doubled year over year. Analysts expect strong income growth to continue in the current fiscal year as well. Also, technology companies generally operate with high margins, and Absolute is no exception. Its gross profit margin was stable, around 85% in the last three years.

## Absolute stock: Valuation and dividends

Absolute Software stock is currently trading at a price-to-earnings valuation of 35 times based on estimated earnings for the next 12 months. While that might seem a little stretched, it still looks inexpensive against many top tech stocks. Also, its high growth prospects deserve a higher multiple.

Absolute has been paying a stable dividend for the last few years. In 2020, it is expected to pay a dividend of \$0.32 per share, which indicates a robust yield of 4.2% at the moment.

Its dividend plus capital gain potential makes it [an attractive bet for Tax-Free Savings Account \(TFSA\) investors](#). The total returns the investment generates that is, dividends and stock appreciation will be tax exempt, even at withdrawals.

Thus, if you invest this year's TFSA contribution limit of \$6,000 in Absolute stock, it would generate around \$250 in dividends this year. Also, it will be a significant gain if the stock reaches its pre-coronavirus price levels beyond \$10.

No need to say that cybersecurity will continue to be an integral part of the IT industry. Absolute is already a leader in the domain and has a notable presence worldwide. The recent virus outbreak will have little or no impact on its bottom line, which makes it an attractive bet amid the market crash. The dividends and a recent correction are an added advantage and make it a lucrative bet for the long term.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:ABST (Absolute Software)

### PARTNER-FEEDS

1. Business Insider
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