



Coronavirus Sell-Off: 2 TSX Stocks That Have Crushed this Bear Market

Description

The coronavirus market sell-off has wiped out billions in market value. Investors are increasingly wary about the massive drop in consumer spending caused by outbreak control measures. Stock prices of companies across several sectors have been driven to multi-year lows.

Shares of airline companies **Air Canada** and **Bombardier** are trading 71% and 76% below their 52-week highs. Broader indexes such as the **iShares S&P/TSX60** are down almost 30% from record highs. Energy companies such as **Enbridge** and **Inter Pipeline** are trading significantly lower as well.

However, there are a few companies that have managed to outperform the bear market. Here we look at two such stocks in the TSX.

A mortgage services provider

Shares of **Real Matters** ([TSX:REAL](#)) have returned 143% in the last year, compared to **S&P 500** returns of -21%. The stock gained a stellar 273% in 2019 and was one of the top-performing stocks in the TSX.

Real Matters provides services to the mortgage lending industry in North America. Its offerings include title and closing services as well as insurance inspections. In the December quarter, Real Matters increased sales by 71.4% year over year. This growth was driven [by a surge in](#) refinance volumes south of the border as well as client additions.

Real Matters aims to be the leading network management services company in the world, and has a strong focus on increasing revenue and profitability over the long term. The company estimates the total addressable market for its services to be US\$13 billion.

With annual sales of \$323 million, it has enough room to grow the top line at a rapid pace. Analysts expect Real Matters to increase sales to \$427 million by 2021.

Real Matters' existing client base includes 60 of the top 100 mortgage lenders in the United States.

The company's high retention rate of 95% will ensure a steady stream of revenue in these turbulent times.

In terms of valuation, Real Matters is currently trading at a forward price-to-earnings multiple of 29.6, which can be considered expensive. However, analysts expect earnings to grow at an annual rate of 57% in the next five years, making the stock an ideal pick for growth investors.

A technology wealth creator

Shares of Canada's tech company **Kinaxis** ([TSX:KXS](#)) are trading at \$102, which is 14.6% below record highs. The stock has returned 18% in the last year and, like Real Matters, is immune to the coronavirus.

Kinaxis aims to disrupt traditional supply-chain processes by leveraging its technological expertise. This software-as-a-service company (SaaS) is a leading provider of cloud-based solutions that help enterprises optimize their supply chains and maximize business performance.

Kinaxis has a solid business model. Its customers enter into two- to five-year agreements that are paid in advance. These SAAS and on-premise subscription contracts are subject to increases on renewal. Many existing customers also subscribe to additional applications over time, which reduces customer acquisition costs and results in incremental revenue for the firm.

Kinaxis [went public back in 2014](#) and has returned over 700% since then. It has been one of the top-performing stocks on the TSX and is bound to move higher, creating wealth for long-term investors.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:KXS (Kinaxis Inc.)
2. TSX:REAL (Real Matters Inc.)

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