



## Market Crash: Find Safety in Tech Stocks Like Shopify (TSX:SHOP)

### Description

We are experiencing a unique period. Covid-19 has flipped the world on its head and investors are faced with an unprecedented period of volatility. This market crash has been unlike any other.

Historically, a flight to defensive stocks such as utilities and consumer staples has been the norm. Similarly, when a market crash occurs, high growth stocks tend to suffer the greatest losses.

In 2020, the bear market feels noticeably different. Some industry stalwarts are either matching Index losses or somewhat surprisingly, underperforming. On the flip side, the tech industry has been one of the best performers.

Year to date, the **S&P/TSX Information Technology Index** has lost only 9.45% of its value. In comparison, the S&P/TSX Composite Index is down 20.80%. There is similar outperformance over the past month.

There are two stocks that have held up notably well during the market crash – **Shopify** ([TSX:SHOP](#)) and **REAL Matters** ([TSX:REAL](#)). These two tech stocks were among the best performing stocks on the TSX Index in 2019. They are on pace to outperform again in 2020.

### Benefiting from the market crash

Working from home and online shopping is top of mind during this pandemic. Merchants who rely strictly on the brick-and-mortar model are most impacted. These merchants will also likely looking at transitioning to an online model. This is where Shopify benefits.

The company specializes in e-commerce and targets small-to-mid-sized businesses. As such, it is [well positioned](#) to capture what is likely to be increased demand. Merchants will be looking to either improve, or launch their online commerce platforms.

In response to COVID-19, Shopify is implementing a number of initiatives — one of which is extending their 14-day trial to 90 days for new customers. Now is the perfect time to be introducing themselves to new customers.

After 90 days, it is likely the conversion rate to paying customers will be high. Merchants will have put significant time and effort into their platforms over this period.

The proof is in Shopify's performance during the market crash. The company's stock price is up 24% this year and is still in the black over the past month (+7.65%) despite heavy market losses.

## Last year's top-performing stock

In 2019, no company had a better year than Real Matters. The company's stock price [more than tripled](#) in price with gains of 291.80%. This year, the stock is once again among the market leaders. Year to date, Real's stock price is up 14.59% despite the market crash.

Real's business model is well-suited to take advantage of a shift to working at home, offering a suite of technology tools in support of the mortgage and insurance industries. The traditional face-to-face models are being disrupted. Lenders are actively looking for technological solutions.

Real is already well positioned. It counts 60 of the top 100 mortgage lenders in the U.S. as clients with a 95% retention rate. Similarly, mortgage applications are on the rise in direct response to ultra-low interest rates.

On Wednesday, Real Matters announced "...incoming mortgage origination orders over the past week were stronger than during any week in calendar 2019 for both our U.S. Appraisal and U.S. Title businesses." The bottom line is that Real is not experiencing any material impacts from COVID-19. Business remains strong.

There are a large number of refinancing requests on the table given today's low rates. Management estimates that over 70% of mortgages could benefit, and it would take two or three years to cycle through these. In any event, Real is well positioned to deliver on expected double-digit growth.

### CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

### TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:REAL (Real Matters Inc.)
3. TSX:SHOP (Shopify Inc.)

### PARTNER-FEEDS

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