



## Top Tech Stocks to Buy in a Market Rally

### Description

The market is in rally mode. As governments on both sides of the border release plans to re-open the border, the markets are reacting positively. In April, the S&P/TSX Composite Index is up 13.7%. If you are looking to ride the momentum, there may be no better place than the [top tech stocks](#).

The S&P/TSX Capped Information Technology Index is up by 13.41% year to date, far outpacing the 14% loss suffered by the broader Index. Not only is the sector proving to be a defensive one in this crisis, it is also outperforming during the current market rally.

The Tech Index is up by 27.33%, double that of the S&P/TSX Composite Index. Considering this, here are two top tech stocks that are poised to outperform should the market rally prove sustainable.

### Canada's top tech stock

There is no better-performing technology company than **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). As the company barrels towards a [\\$1,000 share price](#), there appears to be no stopping this company.

Since it has gone public, the company's share price is up by 2,730%. Thus far, it has been a safe bet to double almost every year. It is once again well on its way in 2020 with gains of 61% year to date.

Shopify is on a mission — not to become the top tech stock, but to become the most valuable publicly traded company in Canada. It recently passed **Toronto-Dominion Bank** as the second-most valuable and is within earshot of **Royal Bank of Canada**. Don't underestimate the company.

Shopify has outlasted notable short-sellers Citron Research and consistently outperforms. Since it went public, the company has topped earnings and revenue estimates all but once. This is impressive considering the already lofty expectations.

The company is currently trading at all-time-high valuations but is certainly worth a look on any meaningful pullback.

## Shopify's little brother

Often compared to Shopify, **Lightspeed POS** ([TSX:LSPD](#)) is another top tech stock worth another look. Lightspeed went public last March and closed the year with impressive gains. In 2019, the company's share price gained 90.85%.

Unfortunately, Lightspeed is underperforming both the broader market and the tech index. Why the underperformance? The company caters to small- and mid-sized business (SMB) restaurants and retailers. These have been some of the hardest-hit industries. In fact, there is a real fear that COVID-19 mitigation efforts will sink many businesses within their target market.

As a result, Lightspeed's stock price cratered and, at one point, lost approximately 75% of its value in 2020. On the bright side, as the economy re-opens, Lightspeed has the potential to post outsized gains. Case in point, Lightspeed's stock price is up 39% in April alone.

Lightspeed still has plenty of room to run, as it is still trading at a 56% discount to its 52-week high of \$49.70 per share. Assuming the economy recovers well, a double is not out of the question for this top tech stock.

Earlier this month, the company announced that it expects to report fourth-quarter revenue at the upper end of guidance released in February. Much like Shopify, the markets may be underestimating Lightspeed's resiliency during these times.

This top tech stock is well positioned to help SMB retailers and restaurants move away from legacy on-premise systems to cloud-based, omni-channel solutions. This is especially true as industries shift to accept online orders. Finally, Lightspeed is well capitalized with US\$220 million in cash, which is more than enough to help the company weather the current crisis.

It is one of the best positioned to rebound in a big way once the economy re-opens.

### CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

### TICKERS GLOBAL

1. NYSE:SHOP (Shopify Inc.)
2. TSX:LSPD (Lightspeed Commerce)
3. TSX:SHOP (Shopify Inc.)

### PARTNER-FEEDS

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**Date**

2025/07/20

**Date Created**

2020/04/30

**Author**

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