



5 Top Canadian Tech Stocks for New Investors

Description

Tech stocks are an excellent source of upside in a normal economy. However, tech companies are tapping a rich vein of momentum in the current market. Many tech outfits have lower costs than the average business, and some operations are proving integral to a world under lockdown. Names like **Shopify** and **Kinaxis** are proving wildly popular, as profound societal shifts increasingly work in their favour.

Online shopping and supply chains: 2020's growth industries

It's no secret that Shopify is the [king of Canadian tech stocks](#). However, after its breakout earnings beat this month, it's fast becoming the king of the TSX itself. Shopify has seen its share price accelerate by 208% in the last 12 months, making this one of Canada's greatest growth stocks. E-commerce, a major investment growth trend, is going mainstream, as shoppers stay home and order online.

Kinaxis and **Descartes Systems Group** are strong buys for investors seeking exposure to supply chain management software. The overheads are low and the upside is steep in this well-established industry that's proving key to the Canadian economy. Kinaxis just [turned in a solid quarter](#), showcasing 15% revenue growth and rocketing 20% on the news.

Meanwhile, Descartes is set to release its earnings report later on in the month. Expectations are high, with investors looking for a repeat of Kinaxis's beat. The current environment is stoking momentum in essential industries that keep the gears of the economy turning. And these two businesses are in exactly the right place to capitalize. Furthermore, their track records and balance sheets are exemplary.

AI and automation are major tech stock themes

Another iconic stock that is really taking off right now is **BlackBerry**. Any strong communications name is a buy in the "physical distancing" market. But BlackBerry is also a solid play for cybersecurity. The exposure to the anti-threat market comes via BlackBerry's AI-based Cylance spinoff and brings the

potential for long-term value creation. The stock is priced just right, trading at its book price.

Constellation Software is a strong pick for tech investors who measure future durability by diversification. Automation software is a major growth area since it allows businesses to claw back their overheads and eliminate needless capex. Constellation not only fits the bill — it corners the market. From drinks distributors to community care, Constellation's customized software is ubiquitous.

On a side note, while Constellation's 0.4% dividend may not be much to write home about, this could grow in time. Granted, this name is not exactly good value for money, trading with a P/B ratio of more than 30 times its book price. However, this name could grow indefinitely, making for a solid stock for long-term wealth creation.

The bottom line

Canadian tech stocks are having their moment in the sun. This year's earnings season, dreaded in some sectors, is shining a spotlight on some of the best tech stocks on the TSX. All five names listed here are valid contenders for that "forever" spot in a tech stock portfolio.

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Date

2025/07/08

Date Created

2020/05/13

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