



Buy These 2 TSX Tech Stocks Instead of Air Canada (TSX:AC)

Description

The COVID-19 pandemic has created an extremely volatile market this year. The **S&P/TSX Composite Index** might only be down by 15% this year, but at times it has looked a lot worse.

The Canadian market witnessed a drop of 35% in just over a month in large part thanks to the COVID-19 virus. Many businesses across the country were forced to shut down, as social distancing measures were enforced.

As expected, travel stocks have been significantly impacted by this economic downturn. Some industries have rebounded very well since those March lows, but many travel companies are still well below all-time highs. And **Air Canada** ([TSX:AC](#)) is no exception.

Air Canada stock is down about 70% year to date, significantly underperforming the Canadian market. Brick-and-mortar retail stores are now slowly beginning to open across the country, but there are still plenty of question marks around the travel industry.

To add insult to injury, Warren Buffett's recent actions did not help support the bull case for Air Canada. Buffett and co. recently announced during the **Berkshire Hathaway** annual meeting that the holding company sold its shares of four major airlines it owned. Buffett went on to explain how he thinks the travel industry has been dramatically impacted by this COVID-19 pandemic.

With all the uncertainty surrounding Air Canada, there are other TSX stocks that investors should be focusing their attention on. We'll review two top TSX companies that investors should consider adding to their watch list today.

Shopify

Shopify ([TSX:SHOP](#))([NYSE:SHOP](#)) has been making lots of noise in 2020 so far. The stock has already more than doubled this year alone. The \$130 billion company is also making a case to be the largest company in Canada.

The tech company is one of the largest in the e-commerce space today. The revenue growth is continuing as well. The company reported year-over-year sales growth of 47% in its most recent earnings call.

The rapid growth isn't the only thing driving up the stock price this year. Investors are reacting positively to how the company has been working with brick-and-mortar retail stores while many businesses were forced to close.

Shopify extended its 14-day free trial to new merchants to 90 days. This extension was implemented to [help support brick-and-mortar retailers](#) launch their online stores.

Open Text

Open Text ([TSX:OTEX](#))([NASDAQ:OTEX](#)) is a much smaller company in comparison to Shopify. The \$15 billion company is a leader in the information management industry. The company specializes in providing digital and cloud infrastructure to businesses.

The company benefits from very predictable earnings each quarter as roughly 80% of revenue is recurring. The most recent quarter saw the company increase revenue by 13%. Open Text has now driven 20 straight quarters of revenue growth.

[The consistent revenue growth](#) has allowed Open Text to pay out a dividend to shareholders. The company began paying a dividend in 2013 and has increased the payout every year since. The dividend yield of 1.8% is below some of the other Canadian Dividend Aristocrats, but it is the dividend yield in tandem with the company's potential growth that really makes Open Text a top TSX stock pick.

Foolish bottom line

It's hard to argue against Warren Buffett when he says the travel industry has been dramatically impacted. As a result, I believe Air Canada is a very risky bet for the foreseeable future.

Investors looking to put their cash to work should instead look to an industry which that has shown an acceleration of growth during this pandemic, technology. Both Shopify and Open Text are strong buys today based on the potential growth ahead for each company.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice
2. Shopify
3. Shopify Stock
4. tech
5. technology

6. technology stocks
7. tsx stocks

TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:AC (Air Canada)
4. TSX:OTEX (Open Text Corporation)
5. TSX:SHOP (Shopify Inc.)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Investing
2. Tech Stocks

Tags

1. Editor's Choice
2. Shopify
3. Shopify Stock
4. tech
5. technology
6. technology stocks
7. tsx stocks

Date

2025/09/27

Date Created

2020/05/21

Author

ndobroruka

default watermark

default watermark