



Market Rally: Top TSX Tech Stocks for June 2020

Description

TSX tech stocks have shown a much steeper recovery than the rest of the market since the COVID-19 crash in March. While many sectors and stocks are still reeling under the pressure, the rally in Canada's tech stocks is particularly remarkable.

Top TSX tech stock **Shopify** has tumbled more than 15% from its all-time highs recently, but it is still sitting at an almost 100% gain so far this year. Let's take a look at relatively smaller TSX tech stocks that offer huge growth potential from their current levels.

TSX tech stock with a huge growth potential

Lightspeed POS ([TSX:LSPD](#)) stock plunged close to \$10 during the COVID-19 crash from \$45 levels in February. The epic sell-off was not surprising, given its huge customer base from the retail and hospitality segments. However, the stock has recovered recently and touched \$34 levels last week.

For the fiscal year 2020 ended in March, Lightspeed [reported](#) revenue growth of 56% while its loss narrowed. The \$2.5 billion company provides software solutions and support systems to small and medium-sized businesses. Its cloud-based platform provides solutions from accounting and inventory management to home deliveries and payments.

Lightspeed has completed nine acquisitions since 2013 in order to grow its customers and expand its geographical presence. Its relatively new segment, Lightspeed Payments, offers immense growth potential with a large addressable market along with its end-to-end solutions.

Lightspeed stock looks stretched at the moment with its price-to-sales valuation at 21 times. However, given the growth prospects and the valuations of peer tech stocks, investors might continue to jump in the rally.

Tech stock to watch as economies re-open

Descartes Systems ([TSX:DSG](#))([NASDAQ:DSGX](#)) reported yet another strong quarter last week. The \$5.6 billion cap company's revenues increased by more than 7% while net income surged a massive 51% compared to the same quarter last year. The pandemic made a big dent on the company's operations, as its top line witnessed the slowest growth in more than 12 quarters.

However, its diversified customer base came to the rescue, largely offsetting the impact and clocking a reasonable growth. Descartes provides cloud-based software solutions for better supply chain planning and management.

Descartes fell below \$40 in the COVID-19 crash from close to \$62 levels in February. However, it has managed a quicker recovery, driven by the quarterly earnings, and reached close to \$67 levels last week.

The stock looks to be trading at a large premium after its recent rally. However, investors with an appetite for excessive volatility can enter for further potential upside.

A classic combination of organic and inorganic growth

Top TSX tech stock **Constellation Software** ([TSX:CSU](#)) soared to its all-time high last week. It has created massive [wealth for its shareholders](#) in the last several years. It has more than tripled in the last five years, driven by its unique business model and consistent earning growth.

Constellation acquires smaller companies and creates a software portfolio that offers mission-critical solutions. Its client base includes commercial businesses as well as government and related parties. Its software is hard to replicate, which bodes well for longer-term customer relationships.

Constellation looks overvalued at the moment after its recent rally. However, it is comparatively well placed against peers. With its stable revenue growth driven by continued acquisitions, the tech titan might continue to see superior growth for the next few years.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:DSGX (Descartes Systems Group)
2. TSX:CSU (Constellation Software Inc.)
3. TSX:DSG (The Descartes Systems Group Inc)
4. TSX:LSPD (Lightspeed Commerce)

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred

4. Sharewise
5. Yahoo CA

Category

1. Coronavirus
2. Investing
3. Tech Stocks

Date

2025/07/08

Date Created

2020/06/02

Author

vinitkularni20

default watermark

default watermark