



## Which Tech Investments Belong in Your Portfolio?

### Description

Selecting the right tech investments can fast-track your portfolio to riches. That said, picking a perennially under-performing stock or an investment past its prime could have the opposite effect. Further, Canada's tech stock graveyard is littered with once-great titans and companies full of promise that never really materialized.

So how should investors looking for a tech stock proceed? Here's a look at three Canadian tech stocks and whether they (still) belong in your portfolio.

## Can this (former) tech stock become a household name (again)?

When talking about Canada's tech titans, it's impossible to not mention **BlackBerry** ([TSX:BB](#))([NYSE:BB](#)). Fortunately, the company that gave the world the smartphone has moved on from its former business of small-screen physical keyboard devices.

BlackBerry shuttered its own hardware business back in 2016, and turned to licensing its name on models built by partners. Those licensing agreements are set to expire this summer, effectively ending over two decades of hardware sporting the BlackBerry name.

So what exactly is Blackberry focusing on? In recent years, that focus has turned toward the automotive and cybersecurity segments. On the automotive front, Blackberry's QNX system is already installed on more than 150 million vehicles worldwide.

That system is becoming a key component in the emerging autonomous vehicle market. While those vehicles are still a decade or more away, the potential is there.

The COVID-19 pandemic turned many office workers into remote warriors. Despite ongoing reopening efforts, many businesses are contemplating a new normal post-COVID that involves a *permanently* remote workforce. Again, this bodes well for BlackBerry's security business over the long term.

BlackBerry, like much of the market, is trading at discounted levels. This comes despite BlackBerry's

successful efforts at turning around its business and returning to profitability.

But is that enough to invest in this particular tech investment? Unless your timeline is very long-term, investors looking for gains would be better served by investing in another stock.

## Turn on your 5G device now!

If you thought that BlackBerry had it rough transitioning from a hardware-first to software-first business, let me take a moment to mention **Sierra Wireless** ([TSX:SW](#))([NASDAQ:SWIR](#)).

Sierra is another Canadian tech stock that really can't catch a break. For those unfamiliar with Sierra, the company is a leader in the IoT connectivity field. In recent years, Sierra has shifted its business, focusing more on device-to-cloud subscription services over its traditional hardware market.

While Sierra's service revenue continues to grow, the company has been plagued by a series of events that have eroded earnings.

By example, the trade war between the U.S. and China wreaked havoc on Sierra in 2018 and 2019. As things started to turn around, the COVID-19 pandemic arrived and disrupted both demand and supply chains worldwide. Keep in mind that Sierra was already forecasting a 3% decline in sales *before* the pandemic hit.

That's not to say that Sierra doesn't have long-term potential, however. Indeed, the company is actively advancing its suite of IoT applications and the impending 5G rollout is will provide substantial growth for the company over the long-term.

Unfortunately, that long-term potential will seem muted as the economy continues to putter along through the minefield that COVID-19 is causing.

## Where should tech-investors turn to?

Fortunately, there are some tech investments that are not just surviving in the volatile world of COVID-19, but actually thriving. One such example is **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)). Back in 2016, when the market was going through another volatile time, I made a note of calling out the [insane long-term growth potential](#) of Shopify. At the time, the stock was trading just over \$30. Today, Shopify trades at \$1,250 at writing (you're welcome!)

So why should you invest in Shopify today? It's really simple- Shopify caters to the growing e-commerce movement. Long before COVID, Shopify was already taking a large slice of e-commerce storefronts.

The simplicity and speed of "Shopifying" a website for online sales continues to be one of the many appeals of the platform — growth that's evident in Shopify's results. In the first fiscal of 2020, Shopify reported a whopping 47% year-over-year increase in revenue.

In short, Shopify is a [stellar buy](#) with lots of growth potential both now and in the future.

### CATEGORY

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#### **TICKERS GLOBAL**

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2. NYSE:BB (BlackBerry)
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