3 Canadian Tech Stocks That Thrived Despite COVID-19!

Description

The COVID-19 pandemic triggered one of the worst bear markets in recent memory. Falling 37% from top to bottom, the TSX got hammered by the crisis. Since entering a bear market, the TSX has recovered, staging one of its fastest and most dramatic rallies in history.

Still, the TSX remains down from all-time highs. The possibility of a "second wave" of COVID-19 remains a serious concern; recently, California re-introduced lockdown measures after a COVID-19 spike in that state. If a similar development were to occur in Canada, a second TSX stock market crash would be likely.

Nevertheless, some stocks have managed to walk off COVID-19 without a scratch — not only surviving, but thriving. Tech stocks in particular have done well. The NASDAQ was up 19% for the year as of this writing, having long since bounced back from its COVID-19 losses. Several Canadian tech stocks have done the same. The following are three that have thrived this year, despite COVID-19.

Constellation Software

Constellation Software (TSX:CSU) is a top Canadian tech stock that has performed brilliantly year to date. Up 23% for the year, it has recouped its COVID-19 losses and then some. It's not surprising. As a leading provider of enterprise software, CSU is perfectly positioned to thrive even with mass lockdowns.

The company is built on a simple premise: it acquires profitable, high-growth tech startups with proven business models. Many of Constellation's subsidiaries have locked in contracts with governments and large corporations. These provide stable, recurring revenue that comes in reliably in good economic times and bad.

Docebo

Docebo (TSX:DCBO) is a little-known e-learning startup that went public just last year. Since going public, its stock has risen 177%, with a 120% year-to-date gain in 2020. It's not surprising. In the first quarter, DCBO had remarkable success, posting 57% top-line growth and a $700,000 net profit. That's not a huge profit relative to the company's size, but it's significant for such a young startup to be profitable so quickly.

Docebo is admirably well positioned for the current environment. As an e-learning company, it provides infrastructure for 100% online corporate training modules. This is exactly the type of thing that's likely to thrive in a world where working from home is becoming more common.

Shopify

Shopify (TSX:SHOP)(NYSE:SHOP) is a stock that needs no introduction. Having risen nearly 4,000% since its IPO (as of this writing), its remarkable rise has been extensively covered in the press.

This year has seen SHOP's long rally continue: up 137% year to date, it has more than doubled yet again.

Why has Shopify done so well this year?

First and foremost, the company had an excellent first quarter. Its revenue grew 47% year over year, and its adjusted earnings popped 210%. These are strong results by any standard. Additionally, the company has benefitted from broader bullishness in tech stocks, which are seen as more resilient than other stocks in the face of COVID-19.

Shopify is currently one of the most expensive stocks in the world. If you buy it now, you may need to brace for some volatility. Nevertheless, you can't deny that the stock has been a winner this year.

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3. TSX:DCBO (Docebo Inc.)
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Date
2025/08/28
Date Created
2020/07/16
Author
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