Got $5,000? These 2 Tech Stocks Can Double Your Money

Description

The Canadian market has risen an incredible 45% since the end of March. Perhaps even more amazing, the **S&P/TSX Composite Index** is actually down close to 5% on the year. That just goes to show how volatile this year has been.

Even though the market is down on the year, it hasn't stopped certain tech stocks from soaring over the past several months. Tech favourite **Shopify** (TSX:SHOP)(NYSE:SHOP) is just one company that has seen its share price more than double this year already. The company has largely capitalized on the sudden shifts in the e-commerce industry caused by the COVID-19 pandemic.

Shopify is just one company that has seen its growth accelerate this year. I've covered two other Canadian tech companies that are in a prime position to reward shareholders over the long term. Valuations may not necessarily be cheap today, so investors will need to pay a premium for a chance to see their investments double.

Kinaxis

This $5 billion company is in the business of providing cloud-based subscription software for supply chain operation teams across the globe. Headquartered in Ottawa, **Kinaxis** (TSX:KXS) services clients across all types of industries, including automotive, life sciences, technology and consumer packaged goods.

Since going public in 2014, the software company has seen its stock price grow by more than 1,500%. In that same time frame, Kinaxis has driven a cumulative average revenue growth rate of more than 20% and seen its employee count more than double.

There's no question that the COVID-19 pandemic has altered consumer purchasing behaviour, at least in the short term. The sudden shift in purchase behaviour has increased workloads considerably for many supply chain operation teams, increasing the demand for Kinaxis's products and services.

The company has also turned to acquisitions to help drive revenue growth. Earlier this year, Kinaxis acquired artificial intelligence startup Rubikloud for just over $80 million. The acquisition was said to be an entry point into the enterprise retail industry, which includes health and beauty, household, and grocery markets.

As mentioned earlier, neither of these two stocks are cheap. Kinaxis currently trades at a very frothy forward price-to-earnings ratio of 135 and a price-to-sales ratio of 28.

Enghouse Systems

Enghouse Systems (TSX:ENGH) is another tech stock that's not necessarily a household name among Canadians, but it should be. The company has seen its stock price rise more than 50% this year and over 200% over the past five years.

The company develops enterprise-level software solutions, which may explain why many investors might not be familiar with the name. Three key areas that the company specializes in include remote work, visual computing, and telecommunications networks.

Not only can this stock provide serious growth potential for investors, but the company also pays a dividend. It's not the highest yield you can find on the market, but at today's stock price, the dividend is equal to a respectable yield of 0.7%.

Enghouse Systems might not be considered a value stock, but it's much cheaper than Kinaxis. The stock trades at a forward price-to-earnings ratio of 43 and a price-to-sales ratio of 9.

Foolish bottom line

Neither Kinaxis nor Enghouse Systems receive the same type of spotlight as other tech favourites, like Shopify, but that doesn't mean they shouldn't be on long-term investor's radars.

Both companies may not be cheap, but there's a lot of growth potential for each, which is why they provide investors with a great opportunity to double their money.

CATEGORY

1. Investing
2. Tech Stocks

POST TAG

1. Editor's Choice
2. enghouse systems
3. kinaxis
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TICKERS GLOBAL

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2. TSX:KXS (Kinaxis Inc.)

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ndobroruka