



## Buy Alert: The Top Tech and Gold Picks to Beat the Market

### Description

In many ways, the gyrations of financial markets right now make no sense. I am still shocked by the speed and scale of the recovery we've seen in stock markets in Canada and around the world. That said, investors who have stayed invested and ridden their long-term strategy out have performed quite well.

In this article, I'm going to discuss two stocks I see as outperforming over the next 12 months, despite this amazing recent market recovery we've seen.

### CGI

Many technology companies out there have outperformed. The broad technology sector has been the unparalleled leader in the recent recovery we've seen, without a doubt. In Canada, companies like **CGI** ([TSX:GIB.A](#))([NYSE:GIB](#)) are great examples.

CGI is in the IT outsourcing and consulting business. This is a niche sub-sector that I believe has great long-term potential relative to other technology sub-sectors. The company has a large global footprint. In addition, the company has excellent exposure to increased digitization and cyber-security risk.

These revenue drivers I expect will only increase in importance and relevance over time. Corporate spending on non-essential services will remain muted for some time, as the economy recovers from this pandemic. However, the [services CGI provides are more essential than not](#). The market may have thrown in the towel too early on this technology name in the recent market sellout, in my view.

There is some concern with CGI around the scalability of its business in this context, relative to other pure-play software companies. I grant that this is true. Investors should not expect "Shopify-like" growth metrics anytime soon.

That said, CGI is trading at less than 17 times earnings at the time of writing. This is a very attractive multiple for this sector. The company also generates more than 95% of its revenue outside Canada. Therefore, the company provides investors with great geographical diversification.

Additionally, CGI has a high percentage of recurring revenue, providing cash flow stability. As a long-term buy-and-hold opportunity, CGI is one of my favourite picks in the Canadian technology sector.

## Kirkland Lake Gold

Time to get bullish on gold again. I want to reiterate my position on gold. I think the precious metal is severely undervalued on the basis of a number of currency devaluation factors I see on the horizon.

Too much money printing and central bank/government stimulus is being handed out right now (and over the foreseeable future) for there to be little to no impact on precious metals prices. From a macroeconomic perspective, I honestly do not understand why gold is only trading at the US\$1,800 level at the time of writing.

With that preamble out of the way, one of the best gold miners out there is **Kirkland Lake Gold** (TSX:KL)(NYSE:KL). Kirkland Lake is one of the best gold producers in the world on the basis of a number of fundamental metrics. The producer has no debt and one of the best balance sheets of its peers — a checkmark for investors concerned about further volatility ahead.

Also, Kirkland Lake has one of the lowest costs of production in the sector as well as high levels of production given its size and staff. These factors give Kirkland Lake one of the best returns on invested capital of any of its peers. This is a core reason any investor should give this stock a hard look.

Precious metals mining, like any commodity or resource extraction process, is one which is largely homogeneous. Gold miners are price takers. Thus the value of these companies are directly (and highly) correlated to gold prices. That said, operational metrics, such as those highlighted above, have an impact on which companies could outperform the broader sector in a bull market for gold.

Kirkland Lake's management team has done in excellent job of utilizing its assets to their full potential and generating these incredible returns for investors. Those who are bullish on gold ought to seriously consider an investment in Kirkland Lake as a core holding.

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1. canada
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1. NYSE:GIB (CGI Group Inc.)
2. TSX:GIB.A (CGI)

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## Date

2025/09/30

## Date Created

2020/08/14

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