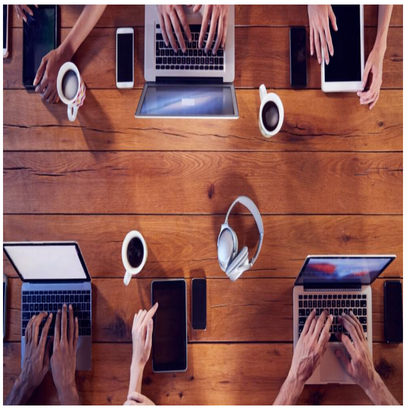

Tech Sell-Off a Fatigue After the Sprint: Buy the Dips in These 4 Stocks

Description

The Canadian technology index closed about 4% lower on Thursday as the high-flying tech stocks witnessed broad sell-off. While **Shopify** was down 5.1%, shares of **Kinaxis** (TSX:KXS) and **Absolute Software** (TSX:ABT) declined by 4.5% and 4.1%, respectively.

Among all, **Lightspeed POS** (TSX:LSPD) and **Docebo** (TSX:DCBO) witnessed the worst fall with their stocks, declining by 7.9% and 7.6%, respectively.

The widespread investors' optimism amid rising COVID-19 infections led to a massive rally in tech stocks this year. However, as the race to bring out the vaccine intensifies with the economic activities gradually picking up, a profit booking was expected in tech stocks after the strong run.

Investors can treat this minor pullback as fatigue after a long sprint and see this as an opportunity to buy some quality tech stocks on the dip.

Lightspeed POS

A pullback in Lightspeed POS stock was on the cards after the 316% rally from its March lows. Investors with a long-term outlook could use the opportunity to go long on its shares, as the structural shift towards omnichannel platform provides a solid underpinning for growth.

Lightspeed's digital products are in high demand with business moving online to meet the growing customer demand. I expect the trend to continue even in the post-pandemic phase and drive Lightspeed's revenues. Meanwhile, as the company gains new customers, its premium products are likely to see growth and cushion its margins.

Docebo

Docebo stock is gaining from the heightened demand for cloud-based enterprise learning, thanks to the pandemic, which resulted in higher utilization of its platform. Investors should note that the corporate e-learning market is growing steadily, providing a secular tailwind for the company even after the pandemic is over.

The company's top line is expanding rapidly with annual recurring revenue increasing at a brisk pace. Meanwhile, Docebo's customer base is growing swiftly and increased by 24% in the most recent quarter.

With a large addressable market and growing customer base, Docebo could continue to generate strong returns for its investors. Its stock is up over 400% from the March lows, and investors should look for dips to go long on its stock.

Kinaxis

Similar to most of its peers, a minor pullback in Kinaxis was due, as its stock has more than doubled so far this year. However, investors should note that the demand for Kinaxis's cloud-based supply-chain management software remains high with or without the pandemic.

Kinaxis has consistently performed well over the past several years, as reflected through a 456% growth in its stock in five years. Besides the strength in its underlying business, acquisitions are likely to accelerate its growth further and support the uptrend in the stock.

The company's revenues and cash flows remain strong, while the solid order backlog indicates that the momentum could continue in the coming years.

Absolute Software

With remote work and learning becoming new normal and rising cybersecurity threats, Absolute Software could continue to report strong financials in the coming years, which is likely to propel its stock higher.

Its fundamentals remain strong with robust commercial recurring revenues. Meanwhile, lower competitive activity, large addressable market, and debt-free balance sheet provide a strong base for growth.

With a long runway for growth, Absolute Software stock is a must-have for creating wealth.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

1. TSX:ABST (Absolute Software)
2. TSX:DCBO (Docebo Inc.)
3. TSX:KXS (Kinaxis Inc.)
4. TSX:LSPD (Lightspeed Commerce)

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