



## My Favourite TSX Tech Stocks to Buy This September

### Description

September got off to a crashing start, with high-growth tech stocks leading the downward charge. Given the frothy valuations that still exist in various white-hot pandemic-resilient tech plays, there could certainly be more room to fall in a growth-to-value rotation that could be the biggest story of the final quarter of 2020.

While there are still pockets of extreme overvaluation within the North American equity markets, I think there have been babies in the tech sector that have been unfairly thrown out with the bathwater. All it took was two days for the **Nasdaq 100** to flirt with [correction territory](#), and while the tech basket could continue underperforming, I'd urge investors to consider nibbling on their favourite tech plays that have now fallen closer to Earth.

Difficult-to-value momentum stocks like Shopify may or may not be done correcting. Regardless, there are a plethora of cheaper, easier-to-value tech stocks that investors should look to if they're hungry for a bargain.

Consider shares of software behemoth **Constellation Software** ([TSX:CSU](#)) and **Goodfood Market** ([TSX:FOOD](#)), two terrific tech value options for investors who don't want this tech-driven near-correction to go to waste, if it is, in fact, close to ending.

### Constellation Software

Constellation Software is hardly a sexy tech stock. The software titan that's grown via acquisitions has found a magic formula for unlocking solid returns in its later years. The company sports a sizable \$31.2 billion market cap, yet the company is still able to grow quicker than many other Canadian firms that are a fraction of its size.

Constellation has exceptional stewards running the show. They know how to spot value in the private tech scene, and if you want a piece of the firm's venture-capital-like growth, now is as good a time as any to initiate a position amid the latest tech slip.

Shares of Constellation recently entered correction territory, and for no real good reason. At the time of writing, CSU stock trades at 6.5 times sales and 24.9 times EV/EBITDA, both of which are too low given the high-ROIC double-digit growth you're getting from the name. As a bonus, Constellation has a low 0.7 three-year beta, making it one of the less-volatile high-growth software plays on the entire market.

## Goodfood Market

Goodfood Market has enjoyed a tremendous run amid the pandemic, as shutdown tailwinds have propelled sales and the stock higher. The company recently clocked in a profit for the first time and is poised to continue taking its share of the red-hot meal-kit delivery scene. The company continues to improve its margins amid the unprecedented surge in demand for its offerings.

There's no denying Goodfood's recent strength, but it's clear through the depressed valuation that many are skeptical over the firm's ability to hang onto its subscribers once this pandemic ends. Meal kits are indeed still a tad on the pricey side. Once the economy returns to normalcy, I think Goodfood could be in for a steep pullback, as consumers become more comfortable with going to the grocery store again. However, I'm confident in management's abilities to attract and retain subscribers through its ever-improving value proposition and its dominant market share.

The stock is currently down over 26% from its high and trades at a mere 1.7 times sales. For an early-stage growth company, I'd say that's far too cheap, even taking into account post-pandemic churn concerns.

My takeaway? It's time to do some nibbling on the growthy pandemic-resilient tech darling before its next leg up.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. TSX:CSU (Constellation Software Inc.)
2. TSX:FOOD (Goodfood Market)

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