



## 3 TSX Tech Stocks to Buy This Month

### Description

The Canadian equity markets, which had turned bearish in September, have made a bright start to this month, with the **S&P/TSX Composite Index** rising over 2.5%. However, I believe the volatility to continue, given the rising COVID-19 cases and signs of a slowdown in the global economic recovery. Meanwhile, investors with a longer horizon should not worry about the short-term volatility and look to buy stocks with higher growth potential.

The pandemic has made significant changes to our day-to-day activities, with more people preferring to work, learn, and shop online, creating a long-term tailwind for the tech companies. Amid the favourable environment, these three high-growth technology stocks provide excellent buying opportunities.

### Lightspeed POS

My first pick would be **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)), which has shifted its business model to focus on omnichannel solutions to meet its customers' changing needs. Amid the pandemic, many SMBs (small- and medium-scale businesses) have taken their shops online, driving the demand for the services, such as e-commerce, payments, customer engagement, and analytics, which has benefited Lightspeed.

In its recently completed first quarter, the company's revenue grew over 50% to \$36.2 million, with more than 90% of it coming from the recurring sources. At the end of the quarter, the company had over 77,000 customers spread across over 100 countries.

Meanwhile, AMI Partners [estimates](#) that there are approximately 226 million SMBs worldwide, including 47 million retailers and restaurants, which are the company's potential customers. So, there is a significant scope of expansion for the company. Given the large addressable market and its expanding portfolio of solutions, [I am bullish on the stock](#).

### Kinaxis

**Kinaxis** ([TSX:KXS](#)), which provides cloud-based supply chain management solutions and also aids in better and quicker decision making, has returned over 100% this year. Amid the globalization of supply chains and increased competition, its addressable market has been growing.

In the first two quarters of this year, its revenue grew 29.5%, while its adjusted EBITDA expanded from 31% to 33%. The acquisition of new customers and the expansion of subscriptions from existing customers drove its financials.

Meanwhile, its sales pipeline looks strong, with the backlog revenues of US\$333 million at the end of the second quarter. Further, in July, the company had completed the acquisition of Rubikloud, which provides AI-based demand planning services to CPG companies.

So, given its high customer retention, strong sales pipeline, and acquisitions, I believe the company can deliver multi-fold returns over the long run.

## Real Matters

The record-low interest rate amid the pandemic-infused slowdown has created a strong base for refinancing activities, which could last for several quarters. **Real Matters** ([TSX:REAL](#)), which services mortgage lenders and insurance companies, has been benefited from the surge in refinancing activities.

In the recently completed third quarter, the company posted over a 52% rise in its net revenue, while its adjusted EBITDA grew at a spectacular 101%. Given its nationwide presence, proprietary platforms, and robust network capabilities, the company has acquired new clients and expanded its market share. Currently, it services approximately 60 of the top 100 mortgage lenders in the United States. It has a high retention rate of 95%.

The company's management projects its addressable market to be at US\$13 billion. Meanwhile, analysts expect the company to post revenue of US\$425.7 million in fiscal 2020. So, the company has strong growth potential. Amid the recent pullback in technology stocks due to profit-booking, the company trades at over 23% discount from its 52-week high, proving an excellent entry point for long-term investors.

### CATEGORY

1. Investing
2. Tech Stocks

### TICKERS GLOBAL

1. NYSE:LSPD (Lightspeed Commerce)
2. TSX:KXS (Kinaxis Inc.)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:REAL (Real Matters Inc.)

### PARTNER-FEEDS

1. Business Insider

2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

**Category**

1. Investing
2. Tech Stocks

**Date**

2025/08/23

**Date Created**

2020/10/09

**Author**

rnanjapla

default watermark

default watermark