



Tech Stocks Are on Fire in 2020: Where to Invest \$1,000 Right Now

Description

There's no denial that 2020 has turned out to be a tough year for investors. However, those who invested in the tech stocks listed on the **Toronto Stock Exchange** at the beginning of the year are sitting on big gains.

Tech stocks are on fire, as the pandemic emerged as a strong growth catalyst for most Canadian tech companies, driving the rally in their stocks. Despite the recent rally, a few tech stocks are looking attractive at the current levels, as the uptrend in these stocks could continue in the coming years.

So, if you've got \$1,000 to invest, consider buying the shares of these tech companies with multi-year growth catalysts, which could continue to drive their stocks higher.

Real Matters

Real Matters ([TSX:REAL](#)) stock is one of the top beneficiaries of the pandemic. The COVID-19 pandemic forced central banks in the U.S. and Canada to significantly cut interest rates to support economic growth. The reduced interest rates have led to a surge in refinancing activities, resulting in the higher utilization of Real Matters's platform.

Thanks to the robust demand, Real Matters's consolidated net revenues jumped over 70% in the first [nine months](#) of fiscal 2020. Meanwhile, its consolidated adjusted EBITDA nearly tripled, and the consolidated adjusted EBITDA margin expanded significantly during the same period. The stellar growth in its net revenues and adjusted EBITDA supported the uptrend in its stock, which more than doubled and rose about 110% on a year-to-date basis.

Investors should note that Real Matters stock could continue to benefit from the historical record lows in the U.S. mortgage interest rates in the coming years. Real Matters's CEO, Jason Smith, said, "we continue to believe that the lower interest rate environment, which we entered into prior to this crisis, has created a significant multi-year opportunity for us and that the ability of lenders to increase their underwriting capacity during COVID-19 remains the most significant hurdle to industry growth."

The strong industry tailwinds are likely to help Real Matters grow its residential mortgage appraisal market share, drive client base, and accelerate growth through strategic acquisitions.

Lightspeed POS

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) stock has shown a mind-boggling recovery after hitting its low in March 2020. Since then, its stock has surged over 350% thanks to the acceleration in demand for its platform. As the pandemic has accelerated the migration from traditional POS to cloud-based omnichannel POS, Lightspeed remains [well positioned to capitalize](#) on this structural shift.

The company's seamless onboarding, focus on innovation, and expansion beyond North America could continue to bolster its client base and drive its transaction volumes and average revenue per user. Also, Lightspeed's premium products, like accounting, loyalty, and analytics, should support its margins.

Lightspeed targets a large and underserved SMB (small- and medium-sized business) market, which is likely to support its growth. Also, the structural shift toward omnichannel platform provides a multi-year growth platform for Lightspeed.

Final thoughts

Investors should note that the rally in both these stocks makes them unattractive on the valuation front. However, both these companies have a significant multi-year growth opportunity, which could continue to drive the uptrend in these stocks.

CATEGORY

1. Coronavirus
2. Investing
3. Tech Stocks

TICKERS GLOBAL

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

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