



## 3 Top TSX Technology Stocks to Buy in October 2020

### Description

Technology stocks have been a little too popular this year during the COVID-19 pandemic. Market capitalizations have grown outrageously. Thus, picking technology stocks is a risky business these days.

Nevertheless, there are still some [top picks](#) on the **Toronto Stock Exchange** for you to consider this year. Here are three top TSX technology stocks to buy in October 2020.

### Shopify reports fantastic e-commerce new store growth

**Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)) jumped from a 52-week low of \$372.01 after the March market sell-off to a 52-week high of \$1502.00. At the time of writing, investors are trading the stock for \$1426.95 per share.

Shopify is an e-commerce company that provides a web hosting platform for small and medium-sized businesses in Canada, the United States, the United Kingdom, and Australia. In addition to a web platform to sell merchandise, Shopify provides merchants with financing and analytics tools to manage products and inventory, process orders, and source products.

Shopify grew new stores creation on its platform by 71% in the second quarter of 2020 over the first quarter of 2020. The COVID-19 pandemic galvanized the growth of e-commerce. Moreover, Shopify lengthened the free trial period on standard plans from 14 days to 90 days.

It is not easy to say where the price of Shopify is headed from here. Shopify has a price-to-sales ratio of 83.31 and a price-to-book ratio of 36.89. Even for growth stocks, these numbers are high and indicate that investors may have already priced in much of the company's future growth.

If you are interested in purchasing Shopify stock for your portfolio, remember to keep in mind the proportion of the dollar value invested in relation to your entire positions. In other words, diversify and don't put all your money in just this one stock.

## Kinaxis: Growing revenue despite COVID-19

**Kinaxis** ([TSX:KXS](#)) soared from a 52-week low of \$79.31 after the March market sell-off to a 52-week high of \$224.98. At the time of writing, investors are trading the stock for \$212.94 per share.

Kinaxis provides enterprises with supply chain operations software in the United States, Europe, Asia, and Canada. The software assists companies with supply chain analytics to manage inventory and fulfillment in the cloud with machine learning capabilities. The great thing about Kinaxis is that it serves top industries such as aerospace, defense, automotive, consumer products, and [technology](#).

In the second quarter of 2020, Kinaxis grew revenue by 45% to \$61.4 million. Software-as-a-Service (SaaS) revenue alone increased by 26% to \$35.7 million. These numbers are strong, especially given that the world is in the middle of a pandemic and the economic effects could theoretically impact Kinaxis through its customer base.

Luckily, the company is still thriving with growing revenue and business contracts. As a caveat, the company did mention that some pending contracts have been delayed due to the health crisis. Hopefully, when the company reports its third-quarter earnings, Kinaxis will continue to communicate muted effects from the global COVID-19 health crisis.

## Open Text: A technology stock priced at a great value

**Open Text** ([TSX:OTEX](#))(NYSE:OTEX) went from a 52-week low of \$42.30 during the March market sell-off to a 52-week high of \$64.00. At the time of writing, investors are trading the stock for \$55.32 per share. The annual dividend yield would be a great addition to your retirement portfolio at 1.69%.

Open Text provides software for cybersecurity, artificial intelligence, process automation, data analytics. What makes Open Text a top Canadian firm is its vast strategic partnerships with companies such as **Microsoft, Oracle, Salesforce, Google, and Amazon**.

OpenText CEO & CTO Mark J. Barrenechea had this to say about Open Text's performance during its fourth quarter of its 2020 fiscal year:

"OpenText delivered a record \$3.15 billion in total revenues, up 9.7% year-over-year, a record \$1.17 billion in cloud revenues, up 28.4% year over year and a record \$2.46 billion in Annual Recurring Revenues, up 14.1% year-over-year, representing 78% of total revenues . . . These record annual results were delivered against the backdrop of a major global pandemic, demonstrating the durability and resilience of our customers and our business."

If you want to purchase Open Text, this is a top TSX technology stock to buy. Not only does it offer a dividend, but it's also reasonably valued. The price-to-sales ratio on this stock is 3.65 and the price-to-book ratio is 2.84.

### CATEGORY

1. Coronavirus

2. Investing
3. Stocks for Beginners
4. Tech Stocks

## TICKERS GLOBAL

1. NASDAQ:OTEX (Open Text Corporation)
2. NYSE:SHOP (Shopify Inc.)
3. TSX:KXS (Kinaxis Inc.)
4. TSX:OTEX (Open Text Corporation)
5. TSX:SHOP (Shopify Inc.)

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