



Tech Stocks Dominated 2020: Where to Invest \$1,000 Right Now

Description

We all have seen how tech stocks dominated the broader markets so far in 2020 and generated robust returns. Even with the lockdown measures, high-quality tech companies evolved and delivered outsized growth.

While most [tech stocks have rallied](#) this year, that doesn't mean they aren't investable at the current levels. A few tech companies have a long runway ahead, and the rally in these stocks could continue in the coming years. Here are top TSX tech stocks that you could consider investing \$1,000 in right now.

Absolute Software

Shares of **Absolute Software** ([TSX:ABST](#)) are on fire and have risen about 127% from its March lows. Moreover, it's up about 79% year to date. Despite the rally in its stock, Absolute Software looks attractive on the valuation front.

Its shares are trading at a forward EV/sales multiple of 3.9, which is well below its peers and suggests further room for expansion. Moreover, the structural shift toward work and learn from anywhere and growing spending on cybersecurity threats provide a multi-year growth opportunity for the company. Absolute Software's cloud-based software supports the security of computing devices, data, and applications.

The company's recurring revenue base is growing at a good pace. Meanwhile, Absolute Software's customer base remains strong with a low churn rate. The company remains debt-free and witnesses lower direct competitive activity.

Absolute Software is likely to post strong financial numbers over the next couple of years, which should continue to drive its stock higher. Its low valuation, strong industry tailwinds, and robust fundamentals suggest that the uptrend in its stock could continue. Absolute Software pays a quarterly dividend of \$0.08, reflecting a decent annual yield of 2.1%.

Enghouse Systems

Next on my list are the shares of **Enghouse Systems** ([TSX:ENGH](#)). The company's software and services support remote work and client interactions and communications. Investors should note that the company benefitted from the acceleration in demand for its offerings amid the pandemic. Its revenues soared about 30% in the [most recent quarter](#). Meanwhile, adjusted EBITDA jumped by nearly 62%.

Moreover, it has performed exceptionally well, even in the pre-pandemic era. Enghouse's top line has grown at a CAGR of a high-single-digit rate over the last five years. Meanwhile, its adjusted EBITDA increased at a double-digit rate annually during the same period.

One of the primary growth catalysts for Enghouse Systems has been its acquisitions and diversification strategy. Its recent acquisitions (Vidyo, Dialogic, and Espial) contribute meaningfully to its growth and drive its sales and profitability.

Enghouse Systems's focus on expanding products, favourable industry trends, strong balance sheet, and low debt should help the company grow both organically and inorganically. Moreover, like Absolute Software, Enghouse also pays a quarterly dividend.

Real Matters

Real Matters ([TSX:REAL](#)) stock is gaining big from the low interest rates. It is witnessing a steep rise in the refinance activity, thanks to the lower mortgage rates. Its revenues and adjusted EBITDA are growing at a robust pace, leading to a massive rally in its stock.

Amid an uncertain economic trajectory, interest rates could continue to stay low for a considerable amount of time, driving higher utilization of Real Matters's platform and support the uptrend in its stock.

The recent tech selloff led to a fair amount of correction in Real Matters stock, which provides an excellent buying opportunity at the current levels for outsized growth.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing
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TICKERS GLOBAL

1. TSX:ABST (Absolute Software)
2. TSX:ENGH (Enghouse Systems Ltd.)
3. TSX:REAL (Real Matters Inc.)

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Date

2025/08/21

Date Created

2020/10/29

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