



The 4 Best Canadian Tech Stocks to Buy Under \$20

Description

Amid the ramp-up of vaccination distribution and improvement in economic activities, investors are rotating their portfolio by replacing high-growth tech stocks with value stocks, leading to a selloff in the tech space. Meanwhile, the selloff has dragged few tech companies into the attractive territory. Here are four such companies, which you can buy with just \$20 for superior returns.

Goodfood Market

Amid the recent selloff in tech stocks, **Goodfood Market** ([TSX:FOOD](#)) has lost 34.5% of its stock value from its recent highs. Meanwhile, I believe the selloff presents an [excellent buying opportunity](#), given the secular shift towards online shopping, expansion of its product offerings, penetration into newer markets, and customer base growth.

Amid the pandemic, the adoption of online shopping has increased. In its recently completed second quarter of fiscal 2021, the company added 13,000 new subscribers to increase its customer base to 319,000. Meanwhile, given the service's convenience, I believe the demand for its services could sustain even after the pandemic. Further, the company has introduced new services, such as same-day delivery, and introduced innovative product offerings, gaining traction with its customers. Further, the company's valuation also looks attractive, with its forward price-to-sales multiple standing at 1.4.

WELL Health Technologies

The pandemic has transformed the healthcare sector. Patients, who were afraid of visiting hospitals during the pandemic, shifted to telehealthcare services. Meanwhile, given the accessibility, convenience, and cost effectiveness of the service, I believe the demand for its services could sustain even in the post-pandemic world, benefiting **WELL Health Technologies** ([TSX:WELL](#)).

The company is looking at further expanding its operations in the United States and has signed an agreement to acquire CRH Medical for US\$369.2 million. The acquisition could be accretive, as CRH Medical's adjusted EBITDA margin and free cash flow margins currently stand at 40% and over 25%,

respectively. Continuing its acquisitions, WELL Health [announced](#) this month that it had signed an agreement to acquire Intrahealth, which provides EMR services in Canada, New Zealand, and Australia, for \$19.3 million. Given the favourable environment and its aggressive expansion strategy, I am bullish on WELL Health.

BlackBerry

BlackBerry's ([TSX:BB](#))([NYSE:BB](#)) stock price has witnessed wild swings this year amid becoming a Reddit users' target. However, the company's stock price appears to have settled while providing an excellent buying opportunity. The pandemic has hastened the digitization process. More people are now working and learning remotely while online shopping has shot up. However, the increased digitization has also raised the threat of cyberattacks, thus increasing cybersecurity spending and benefiting BlackBerry.

Meanwhile, Blackberry is also looking to strengthen its position as a software provider for automakers through its recent collaborations with **Amazon** Web Services and **Baidu**. The company also earns a significant amount of revenue from recurring resources, which is encouraging. Further, the company's valuation also looks attractive, with its price-to-book multiple standing at 2.4.

Absolute Software

Last month, **Absolute Software** ([TSX:ABST](#))([NASDAQ:ABST](#)) delivered an impressive second-quarter performance, with its top line growing by 16%, while its adjusted EBITDA margin expanded from 24% to 27%. Year over year, the company's active endpoints increased by 18.6% to 11.5 million.

Further, the company's management also raised its guidance for this fiscal year. The management expects its top line to grow by 12-14% in fiscal 2021. The increased spending on cybersecurity and the introduction of new innovative products and services could boost its revenue. The company's management has also raised its adjusted EBITDA and operating cash flow margin for this fiscal. Meanwhile, the company currently pays quarterly dividends of \$0.08 per share, with its forward dividend yield standing at 1.6%.

So, given its promising outlook, robust pipeline of products, and attractive valuation, I expect Absolute Software to outperform the broader equity markets this year.

CATEGORY

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TICKERS GLOBAL

1. NYSE:BB (BlackBerry)
2. TSX:ABST (Absolute Software)
3. TSX:BB (BlackBerry)
4. TSX:FOOD (Goodfood Market)
5. TSX:WELL (WELL Health Technologies Corp.)

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